Vision Values

Vision Values Holdings Limited

Stock Code : 862

2012 Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Tang Chi Kei

INDEPENDENT AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

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 2012 (the "**Financial Year**").

FINANCIAL RESULTS SUMMARY

— Revenue remained stable for the Financial Year at HK$35.6 million (2011: HK$26.7 million).

— Loss attributable to owners of the Company was HK$2.0 million (2011: HK$19.5 million).

— Loss per share attributable to owners of the Company from continuing operations and discontinued operation was HK cents 0.14 (2011: Loss per share: HK cents 1.38).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

(A) Continuing Operations

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

NSPS recorded satisfactory sales performance for the Financial Year with a 33% growth when compared to last financial year.

Around two-thirds of the revenue was generated from the sales of both telecom and enterprise networking solutions. The rest was generated from project service and system engineering service.

During the Financial Year, the key project for project service division was teamed up with Cassidian (a major provider of global security solutions) for the installation of the mobile trunk radio system for Hong Kong Fire Service Department and a public utilities company.

For the business of telecom and enterprise networking solution, the revenue was mainly generated from the sales of mobile TV transmitter as well as the time and frequency synchronization solutions for a mobile TV operator and other network operators (both fixed and mobile) in Hong Kong.

2. *Property Investment*

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

(B) Discontinued Operation

During the Financial Year, the Group disposed of its aircraft leasing business on 11 January 2012 at a consideration of approximately US$8.8 million (equivalent to HK$68.8 million).

Chairman's Statement

Financial Review

1. Results Analysis

   For the Financial Year, the Group's revenue from continuing operations increased by 33.0% to HK$35.6 million (2011: HK$26.7 million). Around 98.7% of the Group's total revenue was generated from the business segment of NSPS (2011: 98.8%).

   Changes in inventories of finished goods and work in progress increased by around 44.7% to HK$13.8 million (2011: HK$9.6 million) whereas subcontracting fees for project service increased by around 35.5% to HK$11.3 million (2011: HK$8.3 million). The increase in total revenue during the Financial Year accounted for the increases in these cost items.

   Loss for the year was HK$2.0 million (2011: HK$19.5 million). The sharp drop from last year was due to a one-off impairment loss of around HK$13 million on an aircraft recognized from the discontinued aircraft leasing business in 2011.

2. Liquidity and Financial Resources

   As at 30 June 2012, the capital and reserves attributable to the shareholders of the Company was HK$152.7 million (2011: HK$153.1 million).

   As at 30 June 2012, the Group had no bank or other borrowings (2011: Nil). The Group has sufficient liquidity and financial resources to meet its daily operational needs.

3. Gearing

   The Group had no gearing as at 30 June 2012.

4. Foreign Exchange

   The key operations of the Group are located in Hong Kong and Mainland China. The Group's assets and liabilities are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The Group does not establish a foreign currency hedging policy. However, management of the Group continues to monitor foreign exchange exposure and will consider hedging significant currency exposures should the need arises.

5. Contingent Liabilities

   As at 30 June 2012, the Group did not have material contingent liabilities (2011: Nil).

Business Outlook Development

By the end of the Financial Year, NSPS has projects on hand of approximately HK$22 million. Among them, there is approximately HK$10 million coming from the network solution projects and the remaining is coming from the project services.

The trunk radio system installation for Cassidian is nearly completed thus there will be no more significant contribution to the revenue in the coming financial year. Fortunately, the project service division is right now working on two other projects. One is an indoor cellular system installation at Prince Wales Hospital and the other one is the mobile radio system installation at the new cargo terminal of the Hong Kong International Airport. Apart from them, the Group is actively looking for new project service opportunities with other customers including mobile operators and network equipment vendors (to become one of their sub-contractors) for system installation as well as providing trouble shooting service. Since the business competition of project services is high, we expect the gross profit for project service will continue to be under pressure especially for those projects with large contract sum.

For the Financial Year, the business of enterprise solutions was picking up slowly. In order to promote the business of enterprise solutions, the Group spent a great deal of efforts to promote customer awareness such as site demonstrations and technical seminars for target customers. In the Financial Year, the Group tried to differentiate from other competitors for the sales of WiFi system in the market by positioning as an expertise of WiFi solutions and Wireless Intrusion Protection ("**WIPS**") supplier. Recently, some trial orders have been received from a global customer in Hong Kong for the WIPS and we hope that more WIPS projects will be concluded soon. In order to offer expertise WIPS services, the Group is in discussion with several WiFi vendors to become one of their authorized partners in Hong Kong. These WiFi system vendors have their own unique strengths in their systems. We believe that this move can improve sales revenue of WiFi systems and also help us to strengthen our reputation of "Wireless System Provider" under the brand name of "Cyber On-Air".

With the new established technology of IEEE1588 for very high timing accuracy for time stamping of transactions for high frequency trading, we foresee there will be an increasing demand of timeservers with IEEE1588 features from financial institutes such as banks and trading firms. Symmetricom is the market leader of IEEE1588 technology in the global market. We are proud to be its sole distributor in Hong Kong. We expect more business opportunities from the sales of timeservers with IEEE1588 features in the coming years.

To maintain our revenues growth in the new fiscal year, we have planned different promotion campaigns with emphasis on the:

— importance of WIPS for the WiFi system; and

— benefits of IEEE1588 standard for high frequency trading of financial institutes.

These marketing campaigns are directly targeted to customers of the enterprise market in order to arouse their awareness on our products and increase our chance of new business. For the business of telecom solutions, we shall remain focus on direct sales in order to maintain our customer relationship with direct contact.

Apart from the above, we shall also focus on increasing the revenue from the maintenance contracts with our existing and potential customers.

With the existing concluded projects on hand together with the potential projects under discussion, we are cautiously optimistic on the business outlook of NSPS.

In the past, the property investment segment provided insignificant contribution to the overall revenue of the Group. In order to strengthen the Group's property portfolio, the Group after the Financial Year entered into conditional sale and purchase agreements to acquire the entire equity interest of two property investment groups of companies from an independent third party for cash considerations of approximately HK$28.4 million. One of the property investment groups owns three residential units at Caine Road, Mid-levels, Hong Kong and the other investment group owns three industrial units and a car park space inside an industrial building in Fanling, New Territories. As at the date of this report, the acquisition transaction related to the properties in Hong Kong Island has been completed. All these properties are acquired for the purpose to earn rentals and/or for capital appreciation.

In order to broaden the Group's revenue base, the Group will also explore investment opportunities in business sectors other than the existing businesses.

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, 21 September 2012

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and their responsibilities to maintain the interest of the shareholders and to enhance their values. They also believe a good corporate governance practice can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of shareholders and investors.

During the Financial Year, the Company had applied the principles of code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the "**CG Code**") (effective from 1 April 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), except the deviations as mentioned below:

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

   Mr. Lo 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, non-executive directors should be appointed for a specific term, subject to re-election.

   None of the existing non-executive directors of the Company 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 provisions A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee.

   The Board has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by both the potential Director and the Board as to suitability for the role.

iv. 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 2011 AGM due to an urgent business engagement. An Executive Director had chaired the 2011 AGM and answered questions from shareholders. The chairman of the Audit and Remuneration Committees was also available to answer questions at the 2011 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by the Directors (the "**Code**") and Guidelines for Securities Transactions by Employees of the Group who are likely to be in possession of unpublished price-sensitive information (the "**Employees' Guidelines**"), which are on terms no less exacting terms than 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 Financial Year.

ATTENDANCE RECORDS AT BOARD, BOARD COMMITTEES AND GENERAL MEETING(S)

The followings were attendance records of the Board, Board Committees and general meeting(s) held during the year ended 30 June 2012:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	General Meetings
Number of Meetings	**4**	**2**	**1**	**2**
Executive Directors				
Mr. Lo Lin Shing, Simon *(Chairman)*	4/4	N/A	N/A	0/2
Mr. Ho Hau Chong, Norman	4/4	N/A	N/A	2/2
Independent Non-executive Directors and members of Audit and Remuneration Committees				
Mr. Tsui Hing Chuen, William *JP*	4/4	2/2	1/1	0/2
Mr. Lau Wai Piu	4/4	2/2	1/1	1/2
Mr. Lee Kee Wai, Frank	4/4	2/2	1/1	0/2

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 2012 and up to the date of this annual report were:

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

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

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

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

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 has delegated the day-to-day operation responsibility to the management of the Company under the supervision of the Board.

For the year ended 30 June 2012, 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 are no family or other material relationships among members of the Board. 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 26.

(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.

(e) Directors' Trainings

Pursuant to Code Provision A.6.5 of the CG Code which took effect on 1 April 2012, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contributions to the Board remain informed and relevant. For the period from 1 April 2012 to 30 June 2012, all Directors, namely Messrs. Lo Lin Shing, Simon, Ho Hau Chong, Norman, Tsui Hing Chuen, William, Lau Wai Piu and Lee Kee Wai, Frank, had participated in appropriate continuous professional development activities by ways of attending training and/or reading material relevant to the Company's businesses or to the Directors' duties and responsibilities.

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.

The terms of references of the Audit Committee and the Remuneration Committee are published on the websites of Hong Kong Exchanges and Clearing Limited and the Company respectively.

Audit Committee

The Audit Committee has three members, all of whom are Independent Non-executive Directors. Mr. Lau Wai Piu is appointed as the chairman of the Audit Committee. He has appropriate professional qualifications, accounting and related financial management expertise.

(a) Composition of Audit Committee members

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 on the nature and scope of audit and reviewing 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 the independent auditor and its audit fees.

Remuneration Committee

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

(a) Composition of Remuneration Committee members

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. making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment (if any);

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.

CORPORATE GOVERNANCE FUNCTIONS

The Board is also responsible for performing the corporate governance duties as set out below:

i. to develop and review the Company's policies and practices on corporate governance;

ii. to review and monitor the training and continuous professional development of Directors and senior management;

iii. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees ; and

v. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

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 2012, PricewaterhouseCoopers provided the following services to the Group:

	HK$'000
Audit services	830
Non-audit services	18

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of our shareholders are set out in, amongst other things, the articles of association of the Company (the "**Articles**") and the Companies Law of the Cayman Islands.

Rights and Procedures for Shareholders to convene a General Meeting

Pursuant to Article 72 of the Articles, a general meeting shall be convened on the written requisition of any two or more shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at the general meeting.

A general meeting may also be convened on the written requisition of any shareholder which is a recognized clearing house (or its nominee) deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at the general meeting.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene a general meeting in the same manner, as nearly as possible, as that in which meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Pursuant to Article 120 of the Articles, if a shareholder of the Company wishes to propose a person other than the Directors for election as a director of the Company at any general meeting, he/she can deposit a written notice to that effect at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. In order for the Company to inform shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director of the Company, include that person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder(s) concerned and that person indicating his/her willingness to be elected. The period for lodgment of such a written notice will commence no earlier than the day after the despatch of the notice and end no later than 7 days prior to the date of such general meeting.

The written request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution or business to be transacted in the agenda for the general meeting.

Right to put enquiries to the Board

The shareholders of the Company have a right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong as set out in the section headed "**Corporate Information**" for the attention of the Company Secretary or by e-mail to us at "Contact Us" of our website (www.visionvalues.com.hk).

INVESTOR RELATIONS

There is no significant change in the Company's constitutional documents during the year.

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 state of affairs of the Group and of its results for the period ended.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. Lo Lin Shing, Simon

Mr. Lo, aged 56, 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 57, 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 61, 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 48, 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 53, 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 2012.

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 2012 is set out in Note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2012 are set out in the Consolidated Income Statement on page 28.

No interim dividend was declared (2011: Nil) and the Directors do not recommend the payment of a final dividend for the year ended 30 June 2012 (2011: 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 27 to the financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 28 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 2012 is set out on page 77.

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	17%
five largest suppliers in aggregate	57%

Sales

the largest customer	17%
five largest customers in aggregate	62%

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 Articles, Mr. Lo Lin Shing, Simon and Mr. Lau Wai Piu retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

Biographical details of the Directors are set out on page 15.

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 7 to 14.

DIRECTORS' INTERESTS

As at 30 June 2012, 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 owner	780,000	0.06%

Note: Among 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. Tsui Hing Chuen, William *JP*	Personal	5,000,000	0.35%
Mr. Lau Wai Piu	Personal	5,000,000	0.35%
Mr. Lee Kee Wai, Frank	Personal	5,000,000	0.35%

Save as disclosed above and the section headed "**SHARE OPTION SCHEME**", as at 30 June 2012, 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 2012, 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/or 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
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 schemes adopted by the Company on 28 May 2002 (the "**2002 Share Option Scheme**") and 23 November 2011 (the "**2011 Share Option Scheme**"), options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK$0.10 each in the capital of the Company. The 2002 Share Option Scheme was terminated on 23 November 2011 upon the adoption of the 2011 Share Option Scheme by the Company.

Under the 2011 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 2011 Share Option Scheme:

1. Purpose

The purpose of the 2011 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 2011 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 2011 Share Option Scheme is 141,038,069 shares which represents 10% 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 2011 Share Option Scheme at any time during the period as the Board in its absolute discretion determines and in any event such period of time shall not be more than 10 years from the date upon which the offer of the option is made to the grantee.

6. Vesting period

The Directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

7. Amount payable on acceptance of option

Upon acceptance of the offer for an option, the grantee shall pay HK$0.10 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 day immediately preceding the date of grant; and (iii) the nominal value of a share.

9. Life of the 2011 Share Option Scheme

The 2011 Share Option Scheme is valid and effective for a term of ten years commencing from 23 November 2011.

Details of the movement in outstanding share options, which have been granted under the 2002 Share Option Scheme, during the year were as below :

				Number of shares subject to options			
Name of Directors	**Date of grant**	**Exercise price** HK$	**Exercise period**	**As at 1 July 2011**	**Cancelled during the year**	**Exercised during the year**	**As at 30 June 2012**
Mr. Lo	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
Employees and others in aggregate (including a director of certain subsidiaries)	13/04/2010	0.4000	13/04/2010 to 12/04/2013	30,000,000	—	—	30,000,000
				62,000,000	—	—	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 the Listing Rules, the following transaction(s) require disclosure in the annual report of the Company:

Continuing Connected Transaction regarding Aircraft leasing income from 亞聯公務機有限公司 ("亞聯公務機") during the Financial Year

Glory Key Investments Ltd. ("**Glory Key**"), a wholly owned subsidiary of the Company, leased an 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.

However, the Group discontinued its aircraft leasing business on 12 September 2011 after Glory Key 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 results of the aircraft leasing business were reported as a discontinued operation. The Disposal Transaction was approved by shareholders on 1 November 2011 and was completed on 11 January 2012.

Lease income received by Glory Key was approximately HK$936,000 for the period from 1 July 2011 to 30 September 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 independent auditor issued an unqualified letter in respect of abovementioned 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 had reviewed the above connected transaction and the letter issued by the auditor and had confirmed that the transaction had 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;

(iii) In accordance with the terms of the Lease Agreement governing such transaction that were 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.

Related party transactions, inclusive of the continuing connected transaction, entered into by the Group for the Financial Year are disclosed in Note 31 to the financial statements. To the extent of the related party transactions as disclosed in Note 31 to the financial statements constituted continuing connected transaction, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Financial Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of 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 *JP*, 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 2012 had been reviewed by the Audit Committee.

HUMAN RESOURCES

As at 30 June 2012, the Group employed 21 full-time employees in Hong Kong and the PRC (2011: 19). 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 a 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 2012.

INDEPENDENT AUDITOR

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

On behalf of the Board

Lo Lin Shing, Simon
Chairman

Hong Kong, 21 September 2012

Independent Auditor's Report

羅兵咸永道

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

We have audited the consolidated financial statements of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 28 to 76, which comprise consolidated and company statements of financial position as at 30 June 2012, 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 2012 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, 21 September 2012

Consolidated Income Statement

	Notes	Year ended 30 June 2012 HK$'000	2011 HK$'000
Continuing operations:			
Revenue	6	**35,557**	26,726
Other income	8	**374**	332
Changes in inventories of finished goods and work in progress		**(13,828)**	(9,555)
Subcontracting fees for project services		**(11,262)**	(8,311)
Other gains and losses — net	9	**(995)**	(1,059)
Employee benefit expenses	11	**(7,154)**	(7,056)
Depreciation		**(187)**	(201)
Other expenses	10	**(4,542)**	(4,510)
Fair value gain on investment properties		**1,205**	2,268
Loss from continuing operations before taxation		**(832)**	(1,366)
Income tax expense	13	**(598)**	(386)
Loss for the year from continuing operations		**(1,430)**	(1,752)
Discontinued operation:			
Loss for the year from discontinued operation	14	**(614)**	(17,733)
Loss for the year		**(2,044)**	(19,485)

Consolidated Income Statement

	Notes	Year ended 30 June 2012	2011
Loss per share from continuing and discontinued operations attributable to owners of the Company during the year (HK cents)	15		
Basic loss per share:			
— From continuing operations		**(0.10)**	(0.12)
— From discontinued operation		**(0.04)**	(1.26)
		(0.14)	(1.38)
Diluted loss per share:			
— From continuing operations		**(0.10)**	(0.12)
— From discontinued operation		**(0.04)**	(1.26)
		(0.14)	(1.38)

The Notes on pages 36 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 30 June	
	2012	2011
	HK$'000	HK$'000
Loss for the year	**(2,044)**	(19,485)
Other comprehensive income:		
— Currency translation differences	**527**	67
— Reclassification adjustment of exchange differences on deregistration of subsidiaries	**1,137**	987
Other comprehensive income for the year, net of tax	**1,664**	1,054
Total comprehensive expense for the year	**(380)**	(18,431)
Total comprehensive income/(expense) attributable to owners of the company:		
— From continuing operations	**234**	(698)
— From discontinued operation	**(614)**	(17,733)
Total comprehensive expense for the year	**(380)**	(18,431)

The Notes on pages 36 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	2012 HK$'000	2011 HK$'000
		As at 30 June	
ASSETS			
Non-current assets			
Property, plant and equipment	17	**661**	68,968
Investment properties	18	**21,279**	19,584
Goodwill	20	**3,334**	3,334
		25,274	91,886
Current assets			
Inventories	21	**5,022**	3,880
Trade receivables	22	**5,571**	5,269
Prepayments, deposits and other receivables		**4,038**	1,915
Cash and bank balances	23	**133,090**	64,922
		147,721	75,986
Total assets		**172,995**	167,872
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	27	**141,038**	141,038
Other reserves	28	**121,247**	119,583
Accumulated losses		**(109,607)**	(107,563)
Total equity		**152,678**	153,058

Consolidated Statement of Financial Position

	Notes	As at 30 June 2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	**1,053**	869
Current liabilities			
Trade payables	25	**8,142**	7,057
Accrued charges, other payables, deposits received and deferred revenue		**11,122**	6,888
		19,264	13,945
Total liabilities		**20,317**	14,814
Total equity and liabilities		**172,995**	167,872
Net current assets		**128,457**	62,041
Total assets less current liabilities		**153,731**	153,927

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 36 to 76 are an integral part of these consolidated financial statements.

Statement of Financial Position

	Notes	As at 30 June 2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	19	**90,339**	90,258
Current assets			
Prepayments, deposits and other receivables		**107**	161
Cash and bank balances	23	**125,805**	57,066
		125,912	57,227
Total assets		**216,251**	147,485
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	27	**141,038**	141,038
Other reserves	28	**114,093**	114,093
Accumulated losses		**(117,356)**	(114,104)
Total equity		**137,775**	141,027
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	26	**76,172**	5,026
Accrued charges and other payables		**2,304**	1,432
Total liabilities		**78,476**	6,458
Total equity and liabilities		**216,251**	147,485
Net current assets		**47,436**	50,769
Total assets less current liabilities		**137,775**	141,027

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 36 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 30 June 2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	29	607	3,407
Income tax paid		(438)	—
Net cash generated from operating activities		169	3,407
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(524)	(140)
Leasehold improvement for investment property	18	—	(102)
Proceeds from disposal of property, plant and equipment	29	68,114	—
Interest received		372	216
Net cash generated from/(used in) investing activities		67,962	(26)
Cash flows from financing activities			
Proceeds from exercise of share options		—	96
Net cash generated from financing activities		—	96
Net increase in cash and cash equivalents		68,131	3,477
Cash and cash equivalents at the beginning of the year		64,922	61,378
Effect on foreign exchange rate changes		37	67
Cash and cash equivalents at the end of the year		133,090	64,922

The Notes on pages 36 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

	Attributable to owners of the Company			
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2010	140,960	118,511	(88,078)	171,393
Comprehensive income/(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 27 and 28)	78	18	—	96
At 30 June 2011 and 1 July 2011	141,038	119,583	(107,563)	153,058
Comprehensive income/(expense):				
Loss for the year	**—**	**—**	**(2,044)**	**(2,044)**
Other comprehensive income:				
Currency translation differences	**—**	**527**	**—**	**527**
Reclassification adjustment on currency translation differences relating to deregistration of a subsidiary	**—**	**1,137**	**—**	**1,137**
Total comprehensive income/(expense) for the year	**—**	**1,664**	**(2,044)**	**(380)**
At 30 June 2012	**141,038**	**121,247**	**(109,607)**	**152,678**

The Notes on pages 36 to 76 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, the Group discontinued the aircraft leasing business as set out in Note 14.

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 Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 21 September 2012.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) 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:

HKAS 24 (As revised in 2009)	Related Party Disclosures
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
Annual Improvements Project	HKICPA's Improvements published in May 2010 to HKFRSs

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (Continued)

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 to the Group:

HKAS 1 (As revised in 2011)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (As revised in 2011)	Employee Benefits[3]
HKAS 27 (As revised in 2011)	Separate Financial Statements[3]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle[3]
HKFRS 1 (Amendments)	Government Loans[3]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 7 and 9 (Amendments)	Mandatory Effective date of HKFRS 9 and Transitional Disclosure[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosures of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[3]

1 Effective for annual periods beginning on or after 1 January 2012
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 January 2015

The Group has already commenced an assessment of the impact of the above new/revised standards, amendments and interpretations but is not yet in a position to state whether the new/revised standards, amendments and interpretations would have a significant impact to its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group Accounting

(i) Consolidation

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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Separate financial statements

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

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

(iii) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, Plant and Equipment

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

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

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%

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' 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 gains/(losses) — net in the consolidated income statement.

(d) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are 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.

(e) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of the investment property are included in the consolidated income statement for the period in which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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) Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Cash and Cash Equivalents

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

(j) 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.

(k) 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.

(l) 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)

(l) 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 is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to 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.

(m) Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Current and Deferred Income Tax (Continued)

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

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

(iii) Offsetting

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

(n) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts 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.

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.

(p) 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.

(q) Segment Reporting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(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 rate on the dates of the transactions); and

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

(s) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders for final dividend and Board of Directors for interim dividend.

4. FINANCIAL RISK MANAGEMENT

4a. Financial Risk Factors

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

Risk management is carried out by the senior management. 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.

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 2012, 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$140,000 (2011: post-tax loss of approximately HK$7,000) 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 cashflows are substantially independent from changes in market interest rates.

4. FINANCIAL RISK MANAGEMENT (Continued)

4a. Financial Risk Factors (Continued)

(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.

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.

4. FINANCIAL RISK MANAGEMENT (Continued)

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.

(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. Were 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$1,141,000 (2011: HK$215,000) if the proportion performed was increased, or would be decreased by HK$1,141,000 (2011: HK$215,000) 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.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(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.

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) 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 2012, 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$3,334,000 (2011: HK$3,628,000) was subjected to an impairment test as at 30 June 2012. No impairment charge has been recognised in the consolidated income statement for the year ended 30 June 2012 (2011: HK$294,000).

6. REVENUE

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

	2012 HK$'000	2011 HK$'000
From continuing operations:		
Network solutions and project services	35,103	26,395
Property investment	454	331
	35,557	26,726
From discontinued operation:		
Aircraft leasing	936	3,744
	36,493	30,470

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. During the year, the Group discontinued its aircraft leasing business after entering into a conditional sale and purchase agreement to dispose of a G200 aircraft to an independent third party. The disposal was completed on 11 January 2012.

The reportable operating segments are (i) network solutions and project services and (ii) 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.

7. SEGMENT INFORMATION (Continued)

For the year ended 30 June 2012

From continuing operations:

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	35,103	454	35,557
Segment results	8,823	189	9,012
Depreciation of property, plant and equipment	(70)	—	(70)
Unallocated expenses (Note a)			(10,356)
Interest income from bank deposits			372
Fair value gain on investment properties			1,205
Other gains and losses — net (Note 9)			(995)
Loss from continuing operations before taxation			(832)
Other segment information			
Capital expenditure (Note b)	30	—	30
Unallocated capital expenditure			494
			524

Notes:

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

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

7. SEGMENT INFORMATION (Continued)

For the year ended 30 June 2011

From continuing operations:

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	26,395	331	26,726
Segment results	7,124	160	7,284
Depreciation of property, plant and equipment	(65)	—	(65)
Unallocated expenses (Note a)			(10,046)
Interest income from bank deposits			252
Fair value gain on investment properties			2,268
Other losses (Note 9)			(1,059)
Loss from continuing operations before taxation			(1,366)
Other segment information			
Capital expenditure (Note b)	30	102	132
Unallocated capital expenditure			110
			242

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)

Segment Assets

For the year ended 30 June 2012

	Network solutions and project services HK$'000	Property investment HK$'000	Aircraft leasing (discontinued) HK$'000	Total HK$'000
Total segment assets	14,327	21,484	—	35,811
Unallocated:				
Cash and bank balances				133,090
Other unallocated assets				4,094
Consolidated total assets				172,995

For the year ended 30 June 2011

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

7. SEGMENT INFORMATION (Continued)

Segment Assets (Continued)

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 (discontinued during the year) and property investment

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

	Non-current assets		Revenue	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Hong Kong	**3,993**	3,659	**35,103**	26,395
Mainland China	**21,281**	88,227	**1,390**	4,075
	25,274	91,886	**36,493**	30,470

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$20,038,000 (2011: HK$13,740,000) is derived from four (2011: three) largest customers and each such customer amounted to 10% or more of the revenue. The revenue is attributable to the segment of network solutions and project services in Hong Kong.

8. OTHER INCOME

	2012 HK$'000	2011 HK$'000
Continuing operations:		
Bank interest income	**372**	252
Sundry income	**2**	80
	374	332
Discontinued operation:		
Bank interest income	**3**	3
	377	335

9. OTHER GAINS AND LOSSES — NET

	2012 HK$'000	2011 HK$'000
Continuing operations:		
Gain on disposal of property, plant and equipment	**142**	—
Loss on exchange differences on deregistration of subsidiaries	**(1,137)**	(987)
Others	**—**	(72)
	(995)	(1,059)
Discontinued operation:		
Gain on disposal of property, plant and equipment	**904**	—
Goodwill impairment	**—**	(294)
	(91)	(1,353)

10. OTHER EXPENSES

Continuing operations:

	2012 HK$'000	2011 HK$'000
Auditor's remuneration	830	790
Direct operating expenses from investment property that generates rental income	79	48
Direct operating expenses from investment property that does not generate rental income	105	94
Exchange losses	6	24
Operating lease rentals for land and buildings	410	437

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2012 HK$'000	2011 HK$'000
Continuing operations:		
Wages and salaries	6,836	6,716
Pension costs — defined contribution plans	318	340
	7,154	7,056

The retirement benefit costs under MPF Scheme charged to the consolidated income statement represent the net contribution after netting off with forfeited contributions. There are no forfeited contributions for both years. At 30 June 2012, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2011: Nil).

12. 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:

	2012 HK$'000	2011 HK$'000
Fees	560	560
Other emoluments	—	—
	560	560

None of the Directors of the Company waived any emoluments during the year (2011: Nil).

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

Name of Directors	Year ended 30 June 2012 Fees HK$'000	Salaries and allowances HK$'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

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' Emoluments (Continued)

	Year ended 30 June 2011			
Name of Directors	Fees HK$'000	Salaries and allowances HK$'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

(b) Five Highest Paid Individuals

None of the Directors were included in the five highest paid individuals for the year ended 30 June 2012 (2011: Nil). The emoluments payable to the five (2011: five) individuals during the year were as follows:

	2012 HK$'000	2011 HK$'000
Salaries and allowances	2,857	2,750
Pension costs — defined contribution plans	67	63
	2,924	2,813

The emoluments of the five individuals fell within the band between HK$1 to HK$1,000,000.

13. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012 HK$'000	2011 HK$'000
Current tax		
— Hong Kong profits tax	414	179
— Overprovision from prior year	—	(21)
Deferred tax		
— Origination of temporary differences (Note 24)	184	228
Total income tax expense	598	386

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

	2012 HK$'000	2011 HK$'000
Loss from continuing operations before taxation	(832)	(1,366)
Calculated at a taxation rate of 16.5% (2011: 16.5%)	(137)	(225)
Effect of different taxation rates in other countries	(228)	(163)
Income not subject to tax	(229)	(246)
Expenses not deductible for taxation purposes	728	646
Tax losses not recognised	464	395
Over provision from prior year	—	(21)
Income tax expense	598	386

14. DISCONTINUED OPERATION

	2012 HK$'000	2011 HK$'000
Revenue	936	3,744
Other income	3	3
Other gain/(loss)	904	(294)
Depreciation	(1,576)	(7,829)
Impairment loss on aircraft	—	(12,961)
Other expenses	(881)	(396)
Loss for the year	(614)	(17,733)
Cash flow from discontinued operation		
Net cash (used in)/generated from operating activities	(71,334)	2,388
Net cash generated from investing activities	67,971	3
Net cash (outflows)/inflows	(3,363)	2,391

As set out in Note 7, the Group discontinued its aircraft leasing business during the year after Glory Key Investments Ltd. ("**Glory Key**"), a subsidiary of the Group, 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 results of the aircraft leasing business were reported as discontinued operation. The Disposal Transaction was approved by shareholders on 1 November 2011 and was completed on 11 January 2012.

15. LOSS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Loss attributable to owners of the Company, as used in the calculation of basic and diluted loss per share		
Loss from continuing operations and discontinued operation	**(2,044)**	(19,485)
Loss from continuing operations	**(1,430)**	(1,752)
Loss from discontinued operation	**(614)**	(17,733)
Number of shares		
	'000	'000
Weighted average number of ordinary shares in issue for calculating of basic and diluted loss per share (Note)	**1,410,380**	1,410,043

Note: Diluted loss per share is the same as basic loss per share for the years ended 30 June 2011 and 2012 as the share options have no dilutive impact for both years.

16. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The loss attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$3,252,000 for the year ended 30 June 2012 (2011: HK$21,385,000).

17. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Aircraft and engines HK$'000	Total HK$'000
Cost						
At 1 July 2010	—	696	50	367	92,040	93,153
Additions	5	135	—	—	—	140
Disposals	—	(26)	—	—	—	(26)
Written off	—	(46)	—	—	—	(46)
Impairment loss	—	—	—	—	(12,961)	(12,961)
At 30 June 2011 and 1 July 2011	5	759	50	367	79,079	80,260
Additions	—	524	—	—	—	524
Disposals	—	(9)	—	—	(79,079)	(79,088)
Written off	—	(25)	—	—	—	(25)
Exchange difference	—	—	—	4	—	4
At 30 June 2012	5	1,249	50	371	—	1,675

17. PROPERTY, PLANT AND EQUIPMENT — GROUP (Continued)

	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Aircraft and engines HK$'000	Total HK$'000
Accumulated depreciation						
At 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 and 1 July 2011	1	476	50	326	10,439	11,292
Charge for the year	2	144	—	41	1,576	1,763
Disposals	—	(5)	—	—	(12,015)	(12,020)
Written off	—	(25)	—	—	—	(25)
Exchange difference	—	—	—	4	—	4
At 30 June 2012	3	590	50	371	—	1,014
Net book value						
At 30 June 2011	4	283	—	41	68,640	68,968
At 30 June 2012	2	659	—	—	—	661

18. INVESTMENT PROPERTIES — GROUP

	2012 HK$'000	2011 HK$'000
At beginning of the year	**19,584**	17,214
Additions	**—**	102
Fair value gain on investment properties	**1,205**	2,268
Currency translation differences	**490**	—
At end of the year	**21,279**	19,584

The Group's investment properties were revalued on an open market value basis at 30 June 2012 by Cushman & Wakefield Valuation Advisory Services (HK) Ltd, 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

	2012 HK$'000	2011 HK$'000
Unlisted investments, at costs (Note a)	**122,659**	122,659
Amounts due from subsidiaries (Note b)	**111,110**	110,168
	233,769	232,827
Less: Provision for impairment (Note c)	**(143,430)**	(142,569)
	90,339	90,258

19. INVESTMENTS IN SUBSIDIARIES — COMPANY (Continued)

Notes:

(a) Particulars of the principal subsidiaries of the Company at 30 June 2012 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
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 not repayable within 12 months from the balance sheet date. The balances represent quasi-equity funding by the Company to the respective subsidiaries.

(c) During the year, the Group has made a further provision for impairment of investment in subsidiaries and amount due from subsidiaries of HK$861,000 (2011: reversal of provision for impairment of HK$11,305,000) after taking into account of subsidiaries' business developments, financial positions and other factors.

20. GOODWILL — GROUP

	2012 HK$'000	2011 HK$'000
At beginning of the year	3,334	3,628
Impairment loss	—	(294)
At end of the year	3,334	3,334

Impairment tests for goodwill

The Group completed its annual impairment test for goodwill allocated to the Group's CGUs by comparing the recoverable amount to the carrying amount at the end of the reporting period. The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations are cash flow projections based on financial budgets approved by management covering 5 years (2011: 5 years). Cash flows beyond 2017 are extrapolated using the estimated growth rate stated below.

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

	2012 Network solutions and project services	2011 Network solutions and project services	Aircraft leasing
Gross margin	27%	23%	N/A
Growth rate	5%	5%	0%
Discount rate	5%	5%	5%
	HK$'000	HK$'000	HK$'000
Carrying amount of goodwill	3,334	3,334	—

The Directors were of the opinion that no impairment of goodwill to be made as at 30 June 2012 (2011: impairment loss of HK$294,000).

21. INVENTORIES — GROUP

	2012 HK$'000	2011 HK$'000
Raw materials	5	8
Work in progress	4,594	3,206
Finished goods	423	666
	5,022	3,880

The cost of inventories recognised as expense in the consolidated income statement amounted to approximately HK$13,828,000 (2011: HK$9,555,000).

22. TRADE RECEIVABLES — GROUP

	2012 HK$'000	2011 HK$'000
Trade receivables	5,571	5,269

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

	2012 HK$'000	2011 HK$'000
1–30 days	3,718	2,458
31–60 days	805	1,177
61–90 days	196	643
91–180 days	852	463
Over 180 days	—	528
	5,571	5,269

22. TRADE RECEIVABLES — GROUP (Continued)

As of 30 June 2012, trade receivables of HK$1,853,000 (2011: HK$2,394,000) 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:

	2012 HK$'000	2011 HK$'000
Past due 1–30 days	509	1,090
Past due 31–60 days	491	422
Past due 61–90 days	13	353
Past due 91–180 days	840	151
Past due over 180 days	—	378
	1,853	2,394

None of the trade receivables were impaired as at 30 June 2012 (2011: Nil).

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

	2012 HK$'000	2011 HK$'000
HK$	5,571	4,792
US$	—	477
	5,571	5,269

The carrying amounts of trade receivables approximate their fair values.

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables mentioned above. The Group does not hold any collateral as security.

23. CASH AND BANK BALANCES — GROUP AND COMPANY

	Group		Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Cash at bank and on hand	**133,090**	64,922	**125,805**	57,066

The cash and bank balances of the Group as at 30 June 2012 included balances with Mainland China banks totalling approximately HK$191,400 (2011: HK$63,000) which were denominated in RMB and US$. 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 0.88% (2011: 0.39%) 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 2010	26	615	641
Charge to consolidated income statement (Note 13)	1	227	228
At 30 June 2011 and 1 July 2011	27	842	869
Charge to consolidated income statement (Note 13)	**63**	**121**	**184**
At 30 June 2012	**90**	**963**	**1,053**

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$283,321,000 (2011: HK$129,714,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$9,132,000 (2011: HK$21,134,000) 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 invoice date is as follows:

	2012 HK$'000	2011 HK$'000
0–30 days	**6,760**	5,278
31–60 days	**71**	398
61–90 days	**37**	305
91–180 days	**1,274**	1,076
	8,142	7,057

The carrying amounts of trade payables approximate to their fair values.

26. AMOUNTS DUE TO SUBSIDIARIES — COMPANY

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

27. SHARE CAPITAL

	No. of shares	HK$'000
Authorised:		
At 30 June 2011 and 2012	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2010	1,409,600,690	140,960
Issue of ordinary shares		
— Exercise of share options (Note a)	780,000	78
At 30 June 2011 and 30 June 2012	1,410,380,690	141,038

The total authorised number of ordinary shares is 20,000 million shares (2011: 20,000 million) with a par value of HK$0.1 per share (2011: HK$0.1 per share). All issued shares are fully paid.

Note:

(a) During the year ended 30 June 2011, share options to subscribe for 780,000 shares were exercised, of which HK$78,000 was credited to share capital and the balance of approximately HK$18,000 was credited to the share premium account.

27. SHARE CAPITAL (Continued)

Share Option Scheme

At the 2011 annual general meeting of the Company held on 23 November 2011, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 28 May 2002 (the "**2002 Share Option Scheme**") and the adoption of a new share option scheme (the "**2011 Share Option Scheme**") in compliance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchanges (the "**Listing Rules**"). Upon termination of the 2002 Share Option Scheme, no further options could be granted under the 2002 Share Option Scheme. However, the outstanding share options granted there under would continue to be valid and exercisable in accordance with the provisions of the 2002 Share Option Scheme.

The 2011 Share Option Scheme for the Group is valid and effective for a period of 10 years commencing from 23 November 2011. 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.

At 30 June 2012, there is no share option issued under 2011 Share Option Scheme.

27. SHARE CAPITAL (Continued)

Movements in the number of share options outstanding under the 2002 Share Option Scheme and their related weighted average exercise price are as follows:

	2012 Weighted average exercise price per share	2012 Number of share options	2011 Weighted average exercise price per share	2011 Number of share options
At beginning of the year	**0.400**	**62,000,000**	0.400	62,780,000
Exercised	**—**	**—**	0.126	(780,000)
At end of the year	**0.400**	**62,000,000**	0.400	62,000,000

Share options outstanding under the 2002 Share Option Scheme at the end of the year have the following exercise period and exercise price:

Date of grant	Exercise price HK$	Exercise period	Number of shares subject to options 2012	Number of shares subject to options 2011
13-4-2010	0.40	13-4-2010 to 12-4-2013	**62,000,000**	62,000,000

28. 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 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 and 1 July 2011	103,938	2,366	10,155	3,124	119,583
Currency translation differences	**—**	**—**	**—**	**527**	**527**
Reclassified to profit or loss on deregistration of a subsidiary	**—**	**—**	**—**	**1,137**	**1,137**
At 30 June 2012	**103,938**	**2,366**	**10,155**	**4,788**	**121,247**

(b) Company

	Share premium HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 July 2010	103,920	10,155	114,075
Issue of ordinary shares – exercise of share options	18	—	18
At 30 June 2011 and 30 June 2012	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.

29. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before taxation to cash generated from operations:

	2012 HK$'000	2011 HK$'000
Loss before taxation including discontinued operation	(1,446)	(19,099)
Depreciation of property, plant and equipment	1,763	8,030
Gain on disposal of property, plant and equipment	(1,046)	—
Fair value gain on investment properties	(1,205)	(2,268)
Impairment loss of aircraft	—	12,961
Loss on deregistration of the subsidiaries	1,137	987
Interest income	(372)	(255)
Provision/(reversal of over provision) for annual leave	7	(22)
Write off of other receivables	126	72
Provision for inventories	—	75
Write off of provision of inventories	7	2
Impairment loss of goodwill	—	294
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
— trade receivables	(302)	3,719
— prepayments, deposits and other receivables	(2,249)	(100)
— inventories	(1,150)	(2,100)
— trade payables	1,085	256
— accrued charges, other payables, deposits received and deferred revenue	4,252	1,298
— amount due to a related company	—	(443)
Cash generated from operations	607	3,407

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

	2012 HK$'000	2011 HK$'000
Net book amount	67,068	—
Gain on disposal of property, plant and equipment	1,046	—
Proceeds from disposal of property, plant and equipment	68,114	—

30. OPERATING LEASE COMMITMENTS

At 30 June 2012, the Group had total future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012 **HK$'000**	2011 HK$'000
No later than 1 year	**65**	395

One of the investment properties is leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on lease of the investment property are as follows:

	2012 **HK$'000**	2011 HK$'000
No later than 1 year	**564**	1,084
Later than 1 year	**799**	—
	1,363	1,084

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

31. RELATED PARTY TRANSACTIONS

The Group is controlled by Moral Glory International Limited (incorporated in the British Virgin Islands) ("**Moral Glory**"), 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, are as follows:

	2012 **HK$'000**	2011 HK$'000
Aircraft leasing income from 亞聯公務機有限公司 ("**亞聯公務機**")	**936**	3,744

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

31. RELATED PARTY TRANSACTIONS (Continued)

(b) Year end balance arising from the related party transactions as included in accrued charges, other payables, deposits received and deferred revenue is as follows:

	2012 HK$'000	2011 HK$'000
Amount due to 亞聯公務機	**775**	—

The amount due to a related company is unsecured, interest-free and has no fixed terms of repayment.

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

	2012 HK$'000	2011 HK$'000
Salaries and other employee benefits	**1,253**	1,216

32. POST BALANCE SHEET EVENT

On 21 August 2012, the Company entered into conditional sale and purchase agreements to acquire 100% equity interest of two property investment groups of companies from an independent third party for cash considerations of HK$15,307,000 and HK$13,081,000 respectively (the "**Acquisition Transactions**"). One of the property investment groups owns three residential units located in Mid-levels, Hong Kong (the "**Property Group A**"). The other property investment group owns three industrial units and a car park space inside an industrial building in Fanling, New Territories. The Acquisition Transactions are not inter-conditional to each other and are subject to fulfillment of certain conditions for completion. The acquisition of Property Group A has 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 2008 to 2012.

CONSOLIDATED INCOME STATEMENT

	For the year ended 30 June				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012** **HK$'000**
Revenue					
Continuing operations	2,903	25,148	30,528	30,470	**35,557**
Discontinued operations	535	19	—	—	**936**
	3,438	25,167	30,528	30,470	**36,493**
Loss attributable to owners of the Company	(11,649)	(4,459)	(17,063)	(19,485)	**(2,044)**
	(Restated)	(Restated)	(Restated)		
Basic loss per share (Note) (HK cents)	(1.20)	(0.50)	(1.50)	(1.38)	**(0.14)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012** **HK$'000**
Non-current assets					
Property, plant and equipment	4,601	681	89,819	68,968	**661**
Investment properties	7,370	13,850	17,214	19,584	**21,279**
Goodwill	3,592	3,592	3,628	3,334	**3,334**
Total non-current assets	15,563	18,123	110,661	91,886	**25,274**
Net current assets	28,513	25,851	61,373	62,041	**128,457**
Total assets less current liabilities	44,076	43,974	172,034	153,927	**153,731**
Representing:					
Share capital	97,892	97,892	140,960	141,038	**141,038**
Other reserves	12,740	16,811	118,511	119,583	**121,247**
Accumulated losses	(66,556)	(71,015)	(88,078)	(107,563)	**(109,607)**
Total equity	44,076	43,688	171,393	153,058	**152,678**
Non-current liabilities					
Deferred income tax liabilities	—	286	641	869	**1,053**
	44,076	43,974	172,034	153,927	**153,731**

Note: As a result of the share subdivision in the year of 2010, figures for the years from 2008 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