Vision Values

Vision Values Holdings Limited

Stock Code: 862

2012/13

Interim Report

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I hereby present to the shareholders the interim financial results of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the six months period ended 31 December 2012 (the "**Financial Period**").

Financial Results Summary

— Revenue grew 36.9% to HK$25.0 million (2011: HK$18.3 million);

— Profit attributable to owners of the Company was HK$2.5 million (2011: Loss of HK$1.2 million); and

— Earnings per share attributable to owners of the Company was HK cents 0.18 (2011: Loss per share of HK cents 0.09).

Management Discussion and Analysis

Business Review

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

   In the first quarter of the Financial Period, the business of NSPS was sluggish because of one key project was under installation stage thus no material revenue contribution. The sales performance improved significantly following the acceptance of the project works by the client in the second quarter of the Financial Period.

   Reviewing the performance result of the Financial Period, NSPS achieved total revenue of HK$24.5 million with gross profit of approximately HK$5.2 million. Among the achieved revenue, HK$14.3 million was generated from project services and system engineering services, HK$10.2 million was generated from the sales of both telecom and enterprise networking solutions.

   By the end of the Financial Period, the value of projects on hand was around HK$10.2 million. Barring any unforeseen circumstances, these projects on hand are expected to be completed in the calendar year 2013.

During the Financial Period, the project services department has completed all the contractual works assigned by a mobile operator in Hong Kong in order to meet its 4G long term evolution (LTE) launching schedule. The high revenue achievement from the project services division reflects the completion of such installation works in the second quarter of the Financial Period.

For the network solutions division, most of the revenue was generated from the sales of the telecom solutions for both Hong Kong fixed and mobile network operators and the Hong Kong SAR Government as well as other WiFi solutions to other clients.

2. Property Investment

The rental income from the property investment grew approximately 168% to HK$502,000 (2011: HK$187,000). The significant increase in rental income was due to the expansion of the properties folio by the Group during the Financial Period. Apart from the existing PRC properties, the Group acquired three residential properties, three industrial properties and one car park in Hong Kong during the Financial Period. All the Group's investment properties except for the villa in Beijing were letting out at the end of the Financial Period.

Financial Review

1. Results Analysis

For the Financial Period, the Group's revenue increased by 36.9% to HK$25.0 million (2011: HK$18.3 million). Around 98% (2011: 99%) of the Group's total revenue was generated from the business segment of NSPS. In this Financial Period, business from project services division accounted for 57.2% (2011: 30.4%) of the total revenue. The profit margin from project services was lower than the other businesses thus the gross profit amount was on a par with last corresponding period.

The investment properties were revalued as at 31 December 2012 on an open market value basis by an independent qualified valuer. A revaluation gain of HK$2.4 million was recorded for the Financial Period.

Profit for the period attributable to the owners of the Company was approximately HK$2.5 million (2011: Loss of HK$1.2 million).

2. Liquidity and Financial Resources

As at 31 December 2012, the capital and reserves attributable to owners of the Company were HK$155.1 million (30 June 2012: HK$152.7 million).

As of 31 December 2012, trade receivables of HK$8.3 million mainly relating to the NSPS were past due. These overdue amounts relate to a number of independent and reliable customers with long history of co-operation without any default record. By assessment of the background of these customers and settlements made by these customers after the Financial Period, the management considered that provision for impairment is unnecessary at present.

As at 31 December 2012, the Group had no bank or other borrowings (30 June 2012: Nil). The Group has sufficient liquidity and financial resources to meet its daily operational needs.

3. Gearing

The Group has no gearing as at 31 December 2012 (30 June 2012: Nil).

4. Foreign Exchange

The key operations of the Group are located in Hong Kong and Mainland China. The Group's assets and liabilities are mainly denominated in Hong Kong dollars, Untied 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 needs arise.

5. Contingent Liabilities

As at 31 December 2012, the Group did not have significant contingent liabilities (30 June 2012: Nil).

6. Material Acquisitions

On 21 August 2012, the Company entered into agreements to acquire 100% equity interest of two property investment groups of companies from an independent third party for total cash considerations of approximately HK$28.4 million. The acquired properties were three residential units located in the Mid-levels, Hong Kong and three industrial units and a car park space inside an industrial building in Fanling, New Territories. The acquisitions were completed on 4 September 2012 and 8 October 2012 respectively. The fair values of net assets for these two property investment groups at dates of completion of the acquisitions were exceeding the cash consideration by HK$423,000. The resulting gain on bargain purchase was recognized as income in the Financial Period.

Business Outlook

At the end of the Financial Period, the value of projects on hand of NSPS is approximately HK$10.2 million. Among them, HK$8.1 million is relating to the network solutions and the balance of HK$2.1 million is coming from projects services.

The project service division is currently working on the indoor cellular system installation at a public hospital and the mobile radio system installation at the new cargo terminal at the Hong Kong International Airport. These projects will be completed in the first quarter of 2013.

The Hong Kong mobile operators have almost upgraded their LTE networks, thus the Group expects no more significant revenue contribution from the cellular base station installation work for the second half of this fiscal year. In the future, the project services division needs to develop new income streams. The division is going to conduct marketing campaigns for installation services in respect of the enterprise market as well as to build up partnership with other main contractors to be their co-installation partner.

For the network solutions division, the purchase orders received from the sales of WiFi system increased in the second quarter of the Financial Period. For the wireless intrusion prevention system ("**WIPS**"), the Group received its first order from a fix network operator in Hong Kong who required protection in its WiFi network located in the senior executive floor of their headquarters. The related installation work has not yet completed but already earned applause from the client. The client has indicated its intention to expand the WiFi network together with the WIPS in 2013. By building a successful track record, we are confident to promote the utilization of WIPS in the market. Similar to the firewall of the IT network infrastructure, we believe WIPS will be one of the essential ingredients for large organizations to protect their in-house WiFi systems. We are going to participate in security seminars, arrange workshops with vendors and through other marketing channels to draw the attention and boost sales opportunities from potential customers.

We have signed a direct value added reseller agreement with Meru Networks (a US based WiFi System vendor) last year. Based on this reseller agreement, we have already concluded a few projects for Meru in Hong Kong in the last quarter and more WiFi projects are under discussion.

In last quarter, we have successfully established small WiFi system for two well-established retail customers on trial basis. One of them is operating a fashion retail chain and the other one is running an electronic home appliance retail chain in Hong Kong. Both customers indicated their intention to deploy the same WiFi system in all their retail shops in 2013 subject to contract. Therefore, we are optimistic about an increase of revenues from the sales of WiFi systems in the near future.

For the sales of telecom solutions, the telecom market is now changing from traditional TDM (time-division multiplexing) to IP (internet protocol) based network. With the new carrier ethernet requirements by the global market, all fix network operators are going to deploy IP based telecom systems meeting the MEF (metro ethernet forum) standards. We have already sourced newly developed products and solutions from RAD which are MEF certified. We shall align with RAD's direction and strategy and continue to work with fix network operators.

Other than distribution of products provided by our long term vendors such as Symmetricom and RAD, we keep searching for new vendors who have products to enhance our product portfolio as well as offering better solutions to our customers.

Based on the current business plans and work projects on hand, we foresee the business of the Group in the second half of this fiscal year will be slower down due to the completion of several large scale projects by the project services division in the first three quarters of this fiscal year. The overall operating environment continues to be challenging. The Group will keep on technology innovations, improve sales strategy and earmark additional resources in market development with an aim to drive business performance.

Apart from the acquisition of several properties in Hong Kong during the Financial Period, the Company will continue to identify and seize suitable investment opportunities as and when they arise.

Appreciation

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

Lo Lin Shing, Simon
Chairman

Hong Kong, 27 February 2013

Corporate Governance and Other Information

Interim Dividend

The Directors have resolved not to declare any interim dividend for the six months ended 31 December 2012 (2011: Nil).

Directors' Interests and Short Positions

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

(a) Long positions in the shares

Name of Directors	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lo Lin Shing, Simon ("**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 the 554,334,060 shares, 780,000 shares represent interest of Mr. Lo on an individual basis; while 553,554,060 shares represent interest of Moral Glory International Limited ("**Moral Glory**"), a company wholly-owned by Mr. Lo.

(b) Long positions in the underlying shares

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

Save as disclosed above and the section headed "**Share Option Schemes**", as at 31 December 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 31 December 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 of substantial shareholders in the shares and/or underlying shares

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

Notes:

1. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 566,334,060 shares under the SFO.

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

Save as disclosed above and those disclosed under "**Directors' Interests and Short Positions**", the Company had not been notified of other interests representing 5% or more of the issued share capital of the Company as at 31 December 2012.

Share Option Schemes

Under the share option schemes adopted by the Company on 28 May 2002 (the "**2002 Option Scheme**") and 23 November 2011 (the "**2011 Option Scheme**") respectively, options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK$0.1 each in the capital of the Company. The 2002 Option Scheme was terminated on 23 November 2011 upon the adoption of the 2011 Option Scheme by the Company.

Details of the movement in outstanding share options, which had been granted under the 2002 Option Scheme, during the period are as follows:

				Number of shares subject to options			
Name or category of participants	**Date of grant**	**Exercise price** *HK$*	**Exercise period**	**As at 1 July 2012**	**Cancelled during the period**	**Exercised during the period**	**As at 31 December 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. Lee Kee Wai, Frank	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
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
Total				**62,000,000**	**—**	**—**	**62,000,000**

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2012.

Corporate Governance

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 the shareholders and investors.

During the period ended 31 December 2012, the Company had applied the principles of code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, except the deviations as mentioned below:

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

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

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

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

The Chairman did not attend the 2012 AGM due to another business engagement. An executive Director had chaired the 2012 AGM and answered questions from shareholders of the Company. The AGM of the Company provided a channel for communication between the Board and the shareholders. A member of the audit and remuneration committees of the Company was also available to answer questions at the 2012 AGM. Other than the AGM, the shareholders may also communicate with the Company through the contact information listed on the Company's website.

Compliance with Model Code for Securities Transactions

The Company has adopted its own Code for Securities Transactions by 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 of the Company, which are on terms no less exacting than those set out in the Model Code.

In the period of 30 days immediately preceding and including the publication of the half year results or, if shorter, the period from the end of the relevant quarterly or half year period up to and including the publication date of the results, all Directors and relevant employees are restricted to deal in the securities and derivatives (if any) of the Company until such results have been published.

Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Code during the six months ended 31 December 2012.

Human Resources

At 31 December 2012, the Group employed 22 full-time employees (30 June 2012: 21) in Hong Kong and the PRC. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and business in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

Audit Committee

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

The Audit Committee has reviewed the unaudited interim financial information of the Group for the six months ended 31 December 2012.

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

Hong Kong, 27 February 2013

During the period, the Board comprises the following members:

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

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

Condensed Consolidated Income Statement

For the six months ended 31 December 2012

	Notes	Six months ended 31 December 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Continuing operations:			
Revenue	3	25,000	18,266
Other income		266	149
Changes in inventories of finished goods and work in progress		(7,345)	(8,384)
Subcontracting fees for project services		(11,293)	(3,938)
Other gains and losses — net	4	540	(1,128)
Employee benefit expenses		(3,568)	(3,417)
Depreciation		(150)	(96)
Other expenses	5	(2,811)	(2,090)
Fair value gain on investment properties		2,398	588
Profit/(loss) from continuing operations before taxation		3,037	(50)
Income tax expense	6	(488)	(454)
Profit/(loss) for the period from continuing operations		2,549	(504)
Discontinued operation:			
Loss for the period from discontinued operation	7	—	(743)
Profit/(loss) for the period		2,549	(1,247)
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company during the period (HK cents)	8		
Basic earnings/(loss) per share:			
— From continuing operations		0.18	(0.04)
— From discontinued operation		—	(0.05)
		0.18	(0.09)
Diluted earnings/(loss) per share:			
— From continuing operations		0.18	(0.04)
— From discontinued operation		—	(0.05)
		0.18	(0.09)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit/(loss) for the period	**2,549**	(1,247)
Other comprehensive (expense)/income:		
— Reclassification adjustment of exchange differences on deregistration of a subsidiary	**(117)**	1,137
Total comprehensive income/(expense) for the period	**2,432**	(110)
Total comprehensive income/(expense) attributable to owners of the Company:		
— From continuing operations	**2,432**	633
— From discontinued operation	**—**	(743)
Total comprehensive income/(expense) for the period	**2,432**	(110)

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	As at 31 December 2012 HK$'000 (unaudited)	As at 30 June 2012 HK$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	654	661
Investment properties	9	51,367	21,279
Goodwill		3,334	3,334
		55,355	25,274
Current assets			
Inventories	10	4,749	5,022
Trade receivables	11	14,558	5,571
Prepayments, deposits and other receivables		999	4,038
Cash and bank balances		101,911	133,090
		122,217	147,721
Total assets		177,572	172,995
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	13	141,038	141,038
Other reserves		121,130	121,247
Accumulated losses		(107,058)	(109,607)
Total equity		155,110	152,678
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		1,127	1,053
Current liabilities			
Trade payables	12	9,781	8,142
Accrued charges, other payables, deposits received and deferred revenue		11,554	11,122
		21,335	19,264
Total liabilities		22,462	20,317
Total equity and liabilities		177,572	172,995
Net current assets		100,882	128,457
Total assets less current liabilities		156,237	153,731

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

	Unaudited	
	six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Net cash (used in)/generated from operating activities	**(4,162)**	464
Cash flows from investing activities:		
Acquisitions of subsidiaries, net of cash acquired	**(27,139)**	—
Other investing cash flows	**122**	85
Net cash (used in)/generated from investing activities	**(27,017)**	85
Net (decrease)/increase in cash and cash equivalents	**(31,179)**	549
Cash and cash equivalents at the beginning of the period	**133,090**	64,922
Effect on foreign exchange rate changes	**—**	—
Cash and cash equivalents at the end of the period	**101,911**	65,471

Condensed Consolidated Statement of Changes In Equity

For the six months ended 31 December 2012

	Six months ended 31 December 2012 Attributable to owners of the Company			
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2012 (audited)	141,038	121,247	(109,607)	152,678
Comprehensive income:				
Profit for the period	—	—	2,549	2,549
Other comprehensive expense:				
Reclassification adjustment of exchange differences on deregistration of a subsidiary	—	(117)	—	(117)
Total comprehensive income/ (expense) for the period	—	(117)	2,549	2,432
At 31 December 2012 (unaudited)	141,038	121,130	(107,058)	155,110

	Six months ended 31 December 2011 Attributable to owners of the Company			
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2011 (audited)	141,038	119,583	(107,563)	153,058
Comprehensive expense:				
Loss for the period	—	—	(1,247)	(1,247)
Other comprehensive income:				
Reclassification adjustment of exchange differences on deregistration of a subsidiary	—	1,137	—	1,137
Total comprehensive income/ (expense) for the period	—	1,137	(1,247)	(110)
At 31 December 2011 (unaudited)	141,038	120,720	(108,810)	152,948

Notes to the Condensed Consolidated Financial Statements

1. General Information

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

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

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

2. Basis of Preparation and Accounting Policies

The condensed consolidated interim financial statements (the "**Interim Financial Statements**") for the six months ended 31 December 2012 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Interim Financial Statements have been prepared on the historical cost basis except for investment properties which are measured at fair value.

The basis of preparation and accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 30 June 2012.

2. Basis of Preparation and Accounting Policies (Continued)

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**"), HKASs and interpretations (collectively the "**new and revised HKFRSs**") which are effective for accounting periods beginning on or after 1 July 2012. The Group has applied the following the new and revised HKFRSs issued by the HKICPA during the period:

HKAS 1 (As revised in 2011)	Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

Other than as further explained below regarding the impact of HKAS 12 (Amendments), the adoption of the new and revised HKFRSs has had no significant financial effect on the results and financial position of the Group for the current and prior accounting periods.

The HKICPA has amended HKAS 12, "Income taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The HKAS 12 (Amendments) introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The HKAS 12 (Amendments) is applicable retrospectively to annual periods beginning on or after 1 January 2012.

The Group has adopted this amendment retrospectively for the financial year ended 30 June 2012 and there is no significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early applied those new or revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these revised HKFRSs will have no material impact on the results and financial position of the Group.

3. Turnover and Segment Information

The Group's reportable operating segments are (i) network solutions and project services and (ii) property investment.

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. The Executive Directors determined the operating segments based on these reports. In last corresponding period, the Group discontinued its aircraft leasing business after entering into a conditional sale and purchase agreement on disposal of a G200 aircraft to an independent third party. The disposal was completed on 11 January 2012 (Note 7).

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

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

There are no sales or other transactions between business segments.

3. Turnover and Segment Information (Continued)

The segment revenue and results for the six months ended 31 December 2012

From continuing operations:

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	24,498	502	25,000
Segment results	5,238	354	5,592
Depreciation on property, plant and equipment	(33)	—	(33)
Unallocated expenses(Note)			(5,725)
Interest income from bank deposits			265
Fair value gain on investment properties			2,398
Other gains (Note 4)			540
Profit from continuing operations before taxation			3,037

Note: Unallocated expenses mainly include unallocated employee benefit expenses.

3. Turnover and Segment Information (Continued)

The segment revenue and results for the six months ended 31 December 2011

From continuing operations:

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	18,079	187	18,266
Segment results	5,131	98	5,229
Depreciation on property, plant and equipment	(35)	—	(35)
Unallocated expenses (Note)			(4,851)
Interest income from bank deposits			147
Fair value gain on investment properties			588
Other gains and losses — net (Note 4)			(1,128)
Loss from continuing operations before taxation			(50)

Note: Unallocated expenses mainly include unallocated employee benefit expenses.

3. Turnover and Segment Information (Continued)

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

For the period ended 31 December 2012

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Total segment assets	19,867	52,979	72,846
Unallocated:			
Cash and bank balances			101,911
Other unallocated assets			2,815
Consolidated total assets			177,572

For the year ended 30 June 2012

	Network solutions and project services HK$'000	Property investment HK$'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

4. Other Gains and Losses — Net

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Continuing operations:		
Gain on disposal of property, plant and equipment	**—**	9
Gain/(loss) on exchange differences on deregistration of a subsidiary	**117**	(1,137)
Gains on bargain purchases	**423**	—
	540	(1,128)

5. Other Expenses

Major expenses included in other expenses are analysed as follows:

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Continuing operations:		
Auditor's remuneration	**415**	396
Direct operating expenses from investment properties that generate rental income	**68**	39
Direct operating expenses from an investment property that do not generate rental income	**43**	40
Exchange loss — net	**76**	15
Operating lease rentals for land and building	**285**	215

6. 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 period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Current tax		
— Hong Kong profits tax	**414**	395
Deferred tax		
— Origination of temporary differences	**74**	59
Total income tax expense	**488**	454

7. Discontinued Operation

An analysis of the results and cash flows of the discontinued operation is as follows:

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Revenue	—	936
Other income	—	3
Depreciation	—	(1,576)
Other expenses	—	(106)
Loss for the period	—	(743)
Cash flows from discontinued operation		
Net cash used in operating activities	—	(668)
Net cash generated from investing activities	—	3
Net cash outflows	—	(665)

As set out in Note 3, the Group discontinued its aircraft leasing business during last corresponding period 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 a discontinued operation. The Disposal Transaction was completed on 11 January 2012.

8. Earnings/(Loss) Per Share

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

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Profit/(loss) for the period attributable to owners of the Company, as used in the calculation of basic and diluted earnings/(loss) per share		
Profit/(loss) from continuing and discontinued operations	**2,549**	(1,247)
Profit/(loss) from continuing operations	**2,549**	(504)
Loss from discontinued operation	**—**	(743)

	Six months ended 31 December	
	2012	2011
Number of shares	**'000**	'000
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share(Note)	**1,410,380**	1,410,380

Note: Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share for the periods ended 31 December 2012 and 2011 as the share options have no dilutive impact for both periods.

9. Movements in Property, Plant and Equipment and Investment Properties

During the period ended 31 December 2012, the Group spent approximately HK$143,000 (31 December 2011: HK$72,000) on office equipment. The Group did not dispose of any property, plant and equipment for the period ended 31 December 2012 (31 December 2011: disposal gain of HK$9,000).

The investment properties were revalued on an open market value basis by Cushman & Wakefield Valuation Advisory Services (HK) Ltd, an independent qualified valuer. As a result, the investment properties were revalued to approximately HK$51,367,000, which represents their recoverable amount, and a revaluation gain of approximately HK$2,398,000 was recorded in the condensed consolidated income statement for the period ended 31 December 2012 (31 December 2011: revaluation gain of HK$588,000).

10. Inventories

	As at 31 December 2012 HK$'000	As at 30 June 2012 HK$'000
Raw materials	**3**	5
Work in progress	**4,188**	4,594
Finished goods	**558**	423
	4,749	5,022

11. Trade Receivables

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

	As at 31 December 2012 HK$'000	As at 30 June 2012 HK$'000
1–30 days	5,462	3,718
31–60 days	4,979	805
61–90 days	1,624	196
91–180 days	1,049	852
Over 180 days	1,444	—
	14,558	5,571

As of 31 December 2012, trade receivables of HK$8,314,000 (30 June 2012: HK$1,853,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

12. Trade Payables

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

	As at 31 December 2012 HK$'000	As at 30 June 2012 HK$'000
1–30 days	7,716	6,760
31–60 days	252	71
61–90 days	605	37
Over 90 days	1,208	1,274
	9,781	8,142

13. Share Capital

	The Company	
	Ordinary shares of HK$0.10 each	
	No. of shares	HK$'000
Authorised:		
At 30 June 2012 and 31 December 2012	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2011, 30 June 2012 and 31 December 2012	1,410,380,690	141,038

The total authorised number of ordinary shares is 20,000 million shares (30 June 2012: 20,000 million) with a par value of HK$0.1 per share (30 June 2012: HK$0.1 per share). All issued shares are fully paid.

14. Acquisition of Subsidiaries

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, Best Profile Investments Group (the "**Best Profile Group**") and Greater Ocean International Group (the "**Greater Ocean Group**") from an independent third party for cash considerations of HK$15,307,000 and HK$13,081,000 respectively (the "**Acquisition Transactions**"). Best Profile Group owns three residential units located in the Mid-levels, Hong Kong and Greater Ocean 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 acquisitions of Best Profile Group and Greater Ocean Group were completed on 4 September 2012 and 8 October 2012 respectively.

14. Acquisition of Subsidiaries (Continued)

(a) Best Profile Group

Best Profile Group contributed revenue of HK$137,000 and net profit of HK$986,000 to the Group for the period from 4 September 2012, being the date of acquisition, to 31 December 2012. If the acquisition had occurred on 1 July 2012, the Group's revenue would have been HK$25,053,000 and profit before taxation would have been HK$3,417,000. The proforma information is for illustrative purpose only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 4 September 2012 for Best Profile Group nor is it intended to be a projection of future results.

The fair values of the assets and liabilities of the Best Profile Group at the completion date of acquisition were as follows:

For Best Profile Group	**Fair value recognised on acquisition** HK$'000
Investment properties	15,010
Cash and bank balances	755
Rental deposit received	(52)
Rental income received in advance	(22)
Accruals and other payable	(13)
Total identifiable net asset at fair value	15,678
Gain on bargain purchase	(371)
Total considerations, satisfied by cash	15,307

Net cash outflow arising on acquisition:	HK$'000
Cash considerations paid	15,307
Cash and bank balances acquired	(755)
	14,552

14. Acquisition of Subsidiaries (Continued)

(a) Best Profile Group (Continued)

The gain on bargain purchase represented the excess of the fair value net assets as at the completion date of acquisition over the fair value of the consideration. It is mainly attributable to the increase in fair value of the net assets acquired at completion date as compared to the agreement date.

(b) Greater Ocean Group

Greater Ocean Group contributed revenue of HK$90,000 and net profit of HK$806,000 to the Group for the period from 8 October 2012, being the date of acquisition, to 31 December 2012. If the acquisition had occurred on 1 July 2012, the Group's revenue would have been HK$25,079,000 and profit before taxation would have been HK$3,118,000. The proforma information is for illustrative purpose only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 8 October 2012 for Greater Ocean Group nor is it intended to be a projection of future results.

The fair values of the assets and liabilities of the Greater Ocean Group at the completion date of acquisition were as follows:

For Greater Ocean Group	**Fair value recognised on acquisition** HK$'000
Investment properties	12,680
Rental receivable	8
Deposits and prepayment	13
Cash and bank balances	494
Rental deposit received	(54)
Accruals and other payable	(8)
Total identifiable net asset at fair value	13,133
Gain on bargain purchase	(52)
Total considerations, satisfied by cash	13,081

14. Acquisition of Subsidiaries (Continued)

(b) Greater Ocean Group (Continued)

Net cash outflow arising on acquisition:	HK$'000
Cash considerations paid	13,081
Cash and bank balances acquired	(494)
	12,587

The gain on bargain purchase represented the excess of the fair value net assets as at the completion date of acquisition over the fair value of the consideration. It is mainly attributable to the increase in fair value of the net assets acquired at completion date as compared to the agreement date.

15. Related Party Transactions

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

(a) Significant related party transactions, which were carried out in the normal course of the Group's business and at terms negotiated between the Group and the respective parties, were as follows:

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Aircraft leasing income from 亞聯公務機有限公司 (“**亞聯公務機**”)	**—**	936

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 the Company.

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

	Six months ended 31 December	
	2012	2011
	HK$'000	HK$'000
Salaries and other employee benefits	**674**	646