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## **VISION VALUES HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 862)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2012**

The directors (the “**Directors**”) of Vision Values Holdings Limited (the “**Company**”) announce the audited consolidated results of the Company and its subsidiaries (the “**Group**” or “**VVH**”) for the year ended 30 June 2012 together with the comparative figures in the previous year as follows:

#### **CONSOLIDATED INCOME STATEMENT**

*For the year ended 30 June 2012*

|  |              | <b>Year ended 30 June</b> |                 |
|--|--------------|---------------------------|-----------------|
|  |              | <b>2012</b>               | <b>2011</b>     |
|  | <i>Notes</i> | <i>HK\$'000</i>           | <i>HK\$'000</i> |
| <b>Continuing operations:</b>                                    |              |                           |                 |
| Revenue  | 3            | <b>35,557</b>             | 26,726          |
| Other income   |              | <b>374</b>                | 332             |
| Changes in inventories of finished goods<br>and work in progress |              | <b>(13,828)</b>           | (9,555)         |
| Subcontracting fees for project services                         |              | <b>(11,262)</b>           | (8,311)         |
| Other gains and losses — net                                     | 4            | <b>(995)</b>              | (1,059)         |
| Employee benefit expenses  |              | <b>(7,154)</b>            | (7,056)         |
| Depreciation   |              | <b>(187)</b>              | (201)           |
| Other expenses   | 5            | <b>(4,542)</b>            | (4,510)         |
| Fair value gain on investment properties                         |              | <b>1,205</b>              | 2,268           |
|  |              | <hr/>                     | <hr/>           |
| Loss from continuing operations before taxation                  |              | <b>(832)</b>              | (1,366)         |
| Income tax expense   | 6            | <b>(598)</b>              | (386)           |
|  |              | <hr/>                     | <hr/>           |
| Loss for the year from continuing operations                     |              | <b>(1,430)</b>            | (1,752)         |
| <b>Discontinued operation:</b>                                   |              |                           |                 |
| Loss for the year from discontinued operation                    | 7            | <b>(614)</b>              | (17,733)        |
|  |              | <hr/>                     | <hr/>           |
| Loss for the year  |              | <b>(2,044)</b>            | (19,485)        |
|  |              | <hr/> <hr/>               | <hr/> <hr/>     |

|  | <i>Note</i> | <b>Year ended 30 June</b> |                      |
|--|-------------|---------------------------|----------------------|
|  |             | <b>2012</b>               | 2011                 |
| <b>Loss per share from continuing and discontinued operations attributable to owners of the Company during the year (HK cents)</b> | 8           |                           |                      |
| <b>Basic loss per share:</b>   |             |                           |                      |
| — From continuing operations   |             | (0.10)                    | (0.12)               |
| — From discontinued operation  |             | <u>(0.04)</u>             | <u>(1.26)</u>        |
|  |             | <u><b>(0.14)</b></u>      | <u><b>(1.38)</b></u> |
| <b>Diluted loss per share:</b>   |             |                           |                      |
| — From continuing operations   |             | (0.10)                    | (0.12)               |
| — From discontinued operation  |             | <u>(0.04)</u>             | <u>(1.26)</u>        |
|  |             | <u><b>(0.14)</b></u>      | <u><b>(1.38)</b></u> |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   |       | As at 30 June         |                       |
|---|-------|-----------------------|-----------------------|
|   |       | 2012                  | 2011                  |
|   | Notes | HK\$'000              | HK\$'000              |
| <b>ASSETS</b>   |       |                       |                       |
| <b>Non-current assets</b>   |       |                       |                       |
| Property, plant and equipment   |       | 661                   | 68,968                |
| Investment properties   |       | 21,279                | 19,584                |
| Goodwill  |       | 3,334                 | 3,334                 |
|   |       | <u>25,274</u>         | <u>91,886</u>         |
| <b>Current assets</b>   |       |                       |                       |
| Inventories   |       | 5,022                 | 3,880                 |
| Trade receivables   | 9     | 5,571                 | 5,269                 |
| Prepayments, deposits and other receivables                             |       | 4,038                 | 1,915                 |
| Cash and bank balances  |       | 133,090               | 64,922                |
|   |       | <u>147,721</u>        | <u>75,986</u>         |
| <b>Total assets</b>   |       | <u><u>172,995</u></u> | <u><u>167,872</u></u> |
| <b>EQUITY</b>   |       |                       |                       |
| <b>Capital and reserves attributable to owners of the Company</b>       |       |                       |                       |
| Share capital   |       | 141,038               | 141,038               |
| Other reserves  |       | 121,247               | 119,583               |
| Accumulated losses  |       | (109,607)             | (107,563)             |
| <b>Total equity</b>   |       | <u>152,678</u>        | <u>153,058</u>        |
| <b>LIABILITIES</b>  |       |                       |                       |
| <b>Non-current liabilities</b>  |       |                       |                       |
| Deferred income tax liabilities   |       | 1,053                 | 869                   |
| <b>Current liabilities</b>  |       |                       |                       |
| Trade payables  | 10    | 8,142                 | 7,057                 |
| Accrued charges, other payables, deposits received and deferred revenue |       | 11,122                | 6,888                 |
|   |       | <u>19,264</u>         | <u>13,945</u>         |
| <b>Total liabilities</b>  |       | <u>20,317</u>         | <u>14,814</u>         |
| <b>Total equity and liabilities</b>                                     |       | <u><u>172,995</u></u> | <u><u>167,872</u></u> |
| <b>Net current assets</b>   |       | <u>128,457</u>        | <u>62,041</u>         |
| <b>Total assets less current liabilities</b>                            |       | <u><u>153,731</u></u> | <u><u>153,927</u></u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. 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.

### 2. 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.

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. 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.

**For the year ended 30 June 2012**

From continuing operations:

|   | <b>Network<br/>solutions<br/>and project<br/>services<br/><i>HK\$'000</i></b> | <b>Property<br/>investment<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
|---|---|--|----------------------------------|
| Segment revenue                                 | <u>35,103</u>   | <u>454</u>   | <u>35,557</u>                    |
| Segment results                                 | <u>8,823</u>  | <u>189</u>   | 9,012                            |
| Depreciation of property, plant and equipment   | (70)  | —  | (70)                             |
| Unallocated expenses ( <i>Note a</i> )          |   |  | (10,356)                         |
| Interest income from bank deposits              |   |  | 372                              |
| Fair value gain on investment properties        |   |  | 1,205                            |
| Other gains and losses — net ( <i>Note 4</i> )  |   |  | <u>(995)</u>                     |
| Loss from continuing operations before taxation |   |  | <u>(832)</u>                     |
| Other segment information                       |   |  |                                  |
| Capital expenditure ( <i>Note b</i> )           | 30  | —  | 30                               |
| Unallocated capital expenditure                 |   |  | <u>494</u>                       |
|   |   |  | <u>524</u>                       |

*Notes:*

- (a) Unallocated expenses mainly include unallocated employee benefit expenses.
- (b) Capital additions to property, plant and equipment.

For the year ended 30 June 2011

From continuing operations:

|   | Network<br>solutions<br>and project<br>services<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|--|---|--------------------------|
| Segment revenue                                 | <u>26,395</u>  | <u>331</u>                                | <u>26,726</u>            |
| Segment results                                 | <u>7,124</u>   | <u>160</u>                                | 7,284                    |
| Depreciation of property, plant and equipment   | (65)   | —   | (65)                     |
| Unallocated expenses ( <i>Note a</i> )          |  |   | (10,046)                 |
| Interest income from bank deposits              |  |   | 252                      |
| Fair value gain on investment properties        |  |   | 2,268                    |
| Other losses ( <i>Note 4</i> )                  |  |   | <u>(1,059)</u>           |
| Loss from continuing operations before taxation |  |   | <u>(1,366)</u>           |
| Other segment information                       |  |   |                          |
| Capital expenditure ( <i>Note b</i> )           | 30   | 102                                       | 132                      |
| Unallocated capital expenditure                 |  |   | <u>110</u>               |
|   |  |   | <u>242</u>               |

*Notes:*

- (a) Unallocated expenses mainly include unallocated employee benefit expenses.
- (b) Capital additions to property, plant and equipment and investment property.

## Segment Assets

For the year ended 30 June 2012

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

For the year ended 30 June 2011

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

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<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
| Hong Kong      | 3,993                   | 3,659                   | 35,103                  | 26,395                  |
| Mainland China | <u>21,281</u>           | <u>88,227</u>           | <u>1,390</u>            | <u>4,075</u>            |
|                | <u>25,274</u>           | <u>91,886</u>           | <u>36,493</u>           | <u>30,470</u>           |

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.



#### 4. OTHER GAINS AND LOSSES — NET

|  | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Continuing operations:</b>                                  |                         |                         |
| Gain on disposal of property, plant and equipment              | 142                     | —                       |
| Loss on exchange differences on deregistration of subsidiaries | (1,137)                 | (987)                   |
| Others   | <u>—</u>                | <u>(72)</u>             |
|  | <b>(995)</b>            | <b>(1,059)</b>          |
| <b>Discontinued operation:</b>                                 |                         |                         |
| Gain on disposal of property, plant and equipment              | 904                     | —                       |
| Goodwill impairment  | <u>—</u>                | <u>(294)</u>            |
|  | <b><u>(91)</u></b>      | <b><u>(1,353)</u></b>   |

#### 5. OTHER EXPENSES

Continuing operations:

|   | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 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  | <u>410</u>              | <u>437</u>              |

#### 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 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<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current tax                            |                         |                         |
| — Hong Kong profits tax                | 414                     | 179                     |
| — Overprovision from prior year        | —                       | (21)                    |
| Deferred tax                           |                         |                         |
| — Origination of temporary differences | <u>184</u>              | <u>228</u>              |
| Total income tax expense               | <b><u>598</u></b>       | <b><u>386</u></b>       |

## 7. DISCONTINUED OPERATION

|  | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| 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   | <u>(881)</u>            | <u>(396)</u>            |
| Loss for the year                                      | <u>(614)</u>            | <u>(17,733)</u>         |
| <b>Cash flow from discontinued operation</b>           |                         |                         |
| Net cash (used in)/generated from operating activities | (71,334)                | 2,388                   |
| Net cash generated from investing activities           | <u>67,971</u>           | <u>3</u>                |
| Net cash (outflows)/inflows                            | <u>(3,363)</u>          | <u>2,391</u>            |

As set out in Note 3, 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 23 November 2011 and was completed on 11 January 2012.

## 8. LOSS PER SHARE

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

|   | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 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  | <u>(2,044)</u>          | <u>(19,485)</u>         |
| Loss from continuing operations   | <u>(1,430)</u>          | <u>(1,752)</u>          |
| Loss from discontinued operation  | <u>(614)</u>            | <u>(17,733)</u>         |
| <b>Number of shares</b>   |                         |                         |
|   | <i>'000</i>             | <i>'000</i>             |
| Weighted average number of ordinary shares in issue for calculating of basic and diluted loss per share ( <i>Note</i> ) | <u>1,410,380</u>        | <u>1,410,043</u>        |

*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.

## 9. TRADE RECEIVABLES

|                   | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|-------------------|--------------------------------|-------------------------|
| Trade receivables | <u><b>5,571</b></u>            | <u>5,269</u>            |

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:

|               | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 1–30 days     | <b>3,718</b>                   | 2,458                   |
| 31–60 days    | <b>805</b>                     | 1,177                   |
| 61–90 days    | <b>196</b>                     | 643                     |
| 91–180 days   | <b>852</b>                     | 463                     |
| Over 180 days | <u>—</u>                       | <u>528</u>              |
|               | <u><b>5,571</b></u>            | <u>5,269</u>            |

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:

|                        | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|------------------------|--------------------------------|-------------------------|
| Past due 1–30 days     | <b>509</b>                     | 1,090                   |
| Past due 31–60 days    | <b>491</b>                     | 422                     |
| Past due 61–90 days    | <b>13</b>                      | 353                     |
| Past due 91–180 days   | <b>840</b>                     | 151                     |
| Past due over 180 days | <u>—</u>                       | <u>378</u>              |
|                        | <u><b>1,853</b></u>            | <u>2,394</u>            |

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

## 10. TRADE PAYABLES

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

|             | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|-------------|-------------------------|-------------------------|
| 0–30 days   | 6,760                   | 5,278                   |
| 31–60 days  | 71                      | 398                     |
| 61–90 days  | 37                      | 305                     |
| 91–180 days | <u>1,274</u>            | <u>1,076</u>            |
|             | <u><u>8,142</u></u>     | <u><u>7,057</u></u>     |

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

## 11. 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 the 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.

## REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed the annual results of the Group for the year ended 30 June 2012. The figures in respect of the preliminary announcement of the Group’s results for the year ended 30 June 2012 have been agreed by the Group’s independent auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2012 (2011: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

#### **(A) *Continuing Operations***

##### *1. Network Solutions and Project Services (“NSPS”)*

NSPS recorded satisfactory sales performance for the year ended 30 June 2012 (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).

## 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 was 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 no more significant contribution to the revenue in 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 keep 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 are 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 the direct sales in order to maintain our customer relationship with direct contact.

Apart from the above, we shall also focus to increase 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 announcement, 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.

## **HUMAN RESOURCES**

As at 30 June 2012, the Group had employed a total of 21 full-time employees (2011: 19) in Hong Kong and the PRC. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

## **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.



## CORPORATE GOVERNANCE

The board of Directors (the “**Board**”) recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and 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.

## **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.

Composition of Audit Committee members:

Mr. Lau Wai Piu (*chairman of Audit Committee*)

Mr. Tsui Hing Chuen, William *JP*

Mr. Lee Kee Wai, Frank

The Audit Committee has reviewed the consolidated financial statements of the Group for the Financial Year.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.visionvalues.com.hk](http://www.visionvalues.com.hk)) respectively. The annual report of the Company for the Financial Year containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 21 September 2012

*As at the date of this announcement, the Board comprises two executive Directors namely Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman and three independent non-executive Directors namely Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank.*