# VISION VALUES HOLDINGS LIMITED

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 862)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2011

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 2011 together with the comparative figures in the previous year as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 30 June 2011*

| | | **Year ended 30 June** | |
|---|---|---|---|
| | | **2011** | 2010 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Revenue | *3* | **30,470** | 30,528 |
| Other income | | **335** | 93 |
| Other losses — net | | **(1,353)** | (279) |
| Employee benefit expenses | | **(7,056)** | (17,579) |
| Depreciation | | **(8,030)** | (2,899) |
| Other expenses | *4* | **(22,772)** | (25,554) |
| Fair value gain on investment properties | | **2,268** | 3,295 |
| Impairment loss of aircraft | | **(12,961)** | — |
| Loss on early redemption of loan note payable | | **—** | (3,495) |
| Finance costs | *5* | **—** | (558) |
| Loss before taxation | | **(19,099)** | (16,448) |
| Income tax expense | *6* | **(386)** | (615) |
| **Loss for the year** | | **(19,485)** | (17,063) |
| **Loss for the year attributable to owners of the Company** | | **(19,485)** | (17,063) |
| | | | (Restated) |
| **Loss per share attributable to owners of the Company** | *7* | | |
| — Basic loss per share | | **HK$(0.01)** | HK$(0.01) |
| — Diluted loss per share | | **HK$(0.01)** | HK$(0.01) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | **30 June 2011** **HK$'000** | 30 June 2010 HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **68,968** | 89,819 |
| Investment properties | | **19,584** | 17,214 |
| Goodwill | | **3,334** | 3,628 |
| | | **91,886** | 110,661 |
| **Current assets** | | | |
| Trade receivables | *8* | **5,269** | 8,988 |
| Inventories | | **3,880** | 1,857 |
| Prepayments, deposits and other receivables | | **1,915** | 1,776 |
| Cash and bank balances | | **64,922** | 61,378 |
| | | **75,986** | 73,999 |
| **Total assets** | | **167,872** | 184,660 |
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | | **141,038** | 140,960 |
| Other reserves | | **119,583** | 118,511 |
| Accumulated losses | | **(107,563)** | (88,078) |
| **Total equity** | | **153,058** | 171,393 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **869** | 641 |
| **Current liabilities** | | | |
| Trade payables | *9* | **7,057** | 6,801 |
| Accrued charges, other payables, deposits received and deferred revenue | | **6,888** | 5,382 |
| Amount due to a related company | | **—** | 443 |
| | | **13,945** | 12,626 |
| **Total liabilities** | | **14,814** | 13,267 |
| **Total equity and liabilities** | | **167,872** | 184,660 |
| **Net current assets** | | **62,041** | 61,373 |
| **Total assets less current liabilities** | | **153,927** | 172,034 |

# 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.

**Correction of prior period error**

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

## 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:

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

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

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

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

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

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

The reportable operating segments are (i) network solutions and project services; (ii) aircraft leasing and (iii) property investment.

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

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

There are no sales or other transactions between business segments.

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

*Notes:*

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

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

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

*Notes:*

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

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

**Segment Assets**

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

| | Year ended 30 June 2010 | | | |
|---|---|---|---|---|
| | Network solutions and project services | Aircraft leasing | Property investment | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Total segment assets | 15,655 | 89,725 | 17,308 | 122,688 |
| Unallocated: | | | | |
| Cash and bank balances | | | | 61,378 |
| Other unallocated assets | | | | 594 |
| Consolidated total assets | | | | 184,660 |

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

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

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

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

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

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

## 4. EXPENSES BY NATURE

Major expenses included in other expenses are analysed as follows:

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

## 5. FINANCE COSTS

| | 2011<br>*HK$'000* | 2010<br>*HK$'000* |
|---|---|---|
| **Interest expenses on borrowing wholly repayable within five years** | | |
| — Loan note payable | **—** | 558 |

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

## 7. LOSS PER SHARE

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

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

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

## 8. TRADE RECEIVABLES

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

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

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

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

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

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

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

## 9. TRADE PAYABLES

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

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

The carrying amounts of trade payables approximate their fair value.

## 10. SUBSEQUENT EVENT

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

## 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 2011. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2011 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 2011 (2010: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

   A reduction in turnover of HK$2.7 million was recorded during the financial year ended 30 June 2011 (the "**Financial Year**"). The drop was primarily due to decrease in revenue from network solutions services. Orders for network solutions worth several millions of Hong Kong dollars were shipped just before year-end date. However, the recognition of revenue from these orders depends on acceptances from customers which would only be available in next financial year.

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

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

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

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

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

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

2. *Aircraft Leasing Services*

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

3. *Property Investment*

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

**Financial Review**

1. *Results Analysis*

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

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

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

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

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

2. *Liquidity and Financial Resources*

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

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

3. *Gearing*

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

4. *Foreign Exchange*

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

5. *Contingent Liabilities*

As at 30 June 2011, the Group did not have significant contingent liabilities (2010: Nil).

**Business Outlook**

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

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

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

(1) Mobile TV Solution;

(2) Performance monitoring system for cellular operators;

(3) Network Synchronization Solution with use of GPS;

(4) Network Timing Solution with GPS;

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

(6) Wireless LAN solutions;

(7) Digital signage solution via wireless; and

(8) Wireless Intrusion Protection Solution.

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

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

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

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

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

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

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

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

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

After the Financial Year, the Company announced that a subsidiary of the Company had entered into a conditional sale and purchase agreement to dispose a G200 aircraft to an independent third party at a consideration of approximately US$8.83 million (equivalent to HK$68.8 million) (the

"**Disposal**"). The Group intends to apply the net proceeds from the Disposal as general working capital of the Group and for financing new investment opportunities (if any). The Disposal is subject to fulfillments of certain conditions and shareholders' approval and the Disposal has not been completed as at the date when the financial statements are approved by the directors.

## HUMAN RESOURCES

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

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

For the year ended 30 June 2011, the Company has complied with the code provisions of the CG Code with deviations from the code provisions A.2.1, A.4.1 and E.1.2 of the CG Code as summarized below:

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

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

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

   None of the existing non-executive directors 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 provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting ("**AGM**") of the Company.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by the Directors and employees (the "**Code**") who are likely to be in possession of unpublished price sensitive information of the Company on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "**Model Code**").

During the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to and including the publication date of the annual results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published. The Company Secretary will send a reminder prior to the commencement of such period to all Directors and relevant employees.

Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Code during the year ended 30 June 2011.

## 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 the Audit Committee)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 June 2011 of the Group.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (the "**HKEx**") (www.hkexnews.hk) and the Company (www.visionvalues.com.hk) respectively. The annual report of the Company for the year ended 30 June 2011 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, 27 September 2011

*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, Willian, JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank.*