VISION TECH INTERNATIONAL HOLDINGS LIMITED

金科數碼國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 922)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group prepared under HKFRS for the year ended 31 March 2009, together with the comparative figures for the year ended 31 March 2008, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Notes	**2009** **$'000**	2008 $'000
TURNOVER	*2*	**362,990**	315,804
Cost of sales		**(363,048)**	(304,748)
Gross (loss)/profit		**(58)**	11,056
Other revenue	*2*	**6,879**	582
Gain on disposal of a subsidiary		**—**	7,807
Impairment loss on amount due from a former subsidiary		**—**	(8,096)
Impairment losses on trade receivables		**(27,203)**	—
Administrative expenses		**(24,656)**	(16,124)
OPERATING LOSS		**(45,038)**	(4,775)
Finance costs		**(438)**	(1,513)
LOSS BEFORE TAX		**(45,476)**	(6,288)
Income tax expense	*3*	**—**	(1,188)
LOSS FOR THE YEAR		**(45,476)**	(7,476)
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(45,476)**	(7,476)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE YEAR			
– basic (Cents)	*4*	**3.51**	0.58

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	**2009** **$'000**	2008 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,500**	—
Rental deposits		**702**	702
		5,202	702
CURRENT ASSETS			
Inventories	*5*	**11,347**	—
Trade and other receivables			
Trade receivables	*6*	**42,680**	22,863
Prepayments, deposits and other receivables		**5,660**	8,998
Current tax refundable		**1,144**	—
Bank deposits (pledged)		**4,000**	—
Bank balances and cash		**1,361**	102,660
		66,192	134,521
CURRENT LIABILITIES			
Bank overdraft (secured)		**236**	—
Trade and other payables			
Trade payables	*7*	**11,018**	20,401
Other payables, accruals and deposits received		**1,147**	2,715
Amount due to a related company		**156**	1,023
Current tax payable		**—**	1,188
		12,557	25,327
NET CURRENT ASSETS		**53,635**	109,194
TOTAL ASSETS LESS CURRENT LIABILITIES		**58,837**	109,896
NON-CURRENT LIABILITIES			
Amount due to ultimate holding company		**—**	(7,820)
NET ASSETS		**58,837**	102,076
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**129,496**	129,496
Reserves		**(70,659)**	(27,420)
TOTAL EQUITY		**58,837**	102,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. The measurement basis used in preparing the consolidated financial statements is historical cost.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. TURNOVER, REVENUE AND SEGMENTAL INFORMATION

The Group is principally engaged in trading and distribution of consumer electronic appliances and metals. Turnover represents total invoiced value of goods supplied to customers after deduction of any goods returns and trade discounts. Revenues recognised during the year are as follows:

	2009	2008
	$'000	$'000
Turnover		
Sales of goods	**362,990**	315,804
Other revenue		
Gain on exchange difference	**27**	58
Interest income	**25**	40
Profit on dealing in future contracts	**6,761**	—
Sundry income	**66**	—
Wavier of amounts due to a director and a corporate shareholder	**—**	484
	6,879	582
Total revenues	**369,869**	316,386

Segment information is presented in respect of the Group's business and geographical segments.

(a) Business segments

The Group is organized into two main business segments; electronic and metal trading. There are no significant sales or other transactions between two segments.

	2009				2008			
	Electronic	**Metal Trading**	**Unallocated**	**Group**	Electronic	Metal Trading	Unallocated	Group
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Revenue	**154,322**	**208,668**	**—**	**362,990**	313,763	2,041	—	315,804
Segment results	**(894)**	**(29,104)**	**(15,040)**	**(45,038)**	6,931	26	(11,732)	(4,775)
Finance costs				**(438)**				(1,513)
Taxation				**—**				(1,188)
Loss for the year				**(45,476)**				(7,476)
Other segment information:								
Amortization of mould cost	**1,015**	**—**	**—**	**1,015**	—	—	—	—
Depreciation	**4**	**—**	**668**	**672**	—	—	238	238
Impairment losses on trade receivables	**—**	**27,203**	**—**	**27,203**	—	—	—	—
Write-down of inventories	**—**	**6,300**	**—**	**6,300**	—	—	—	—
Share-based compensation	**—**	**—**	**2,237**	**2,237**	—	—	—	—
Impairment loss on amount due from former subsidiary	**—**	**—**	**—**	**—**	—	—	8,096	8,096
Segment assets, liabilities and capital expenditure:								
Assets	**13,344**	**48,379**	**9,671**	**71,394**	36,732	97,560	931	135,223
Liabilities	**552**	**10,910**	**1,095**	**12,557**	29,391	2,469	1,287	33,147
Capital expenditures	**20**	**—**	**5,237**	**5,257**	—	—	—	—

(b) Geographical segments

An analysis of Group's turnover for the year by geographical segments as follows:–

	Revenue from external customers		**Segment assets**		**Capital expenditure incurred during the year**	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Africa	**26,792**	46,226	**—**	—	**—**	—
America	**22,980**	62,953	**6,830**	—	**—**	—
Europe	**8,472**	—	**—**	—	**—**	—
Hong Kong	**208,669**	1,732	**63,101**	135,223	**3,818**	—
Middle East	**86,948**	187,955	**—**	—	**—**	—
PRC	**—**	2,041	**1,461**	—	**1,439**	—
South East Asia	**9,129**	12,242	**—**	—	**—**	—
Others	**—**	2,655	**2**	—	**—**	—
	362,990	315,804	**71,394**	135,223	**5,257**	—

3. INCOME TAX

(a) No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profits for the year.

	2009 $'000	2008 $'000
Taxation in the income statement represents:		
Current tax – Hong Kong profits tax		
Provision for the year is calculated at 16.5% (2008 : 17.5%) of the estimated assessable profits for the year	**—**	1,213
Tax reduction	**—**	(25)
	—	1,188

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2009 $'000	2008 $'000
Loss before tax	**(45,476)**	(6,288)
Tax calculated at a taxation rate of 16.5% (2008 : 17.5%)	**(7,503)**	(1,100)
Tax effect of non-taxable revenue	**(4)**	(872)
Tax effect of non-deductible expense	**5,570**	1,970
Tax effect of unrecognised deferred tax liabilities	**(374)**	—
Tax effect of unused tax loss not recognised	**2,311**	1,215
Tax reduction	**—**	(25)
Income tax expense	**—**	1,188

4. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of approximately $45,476,000 (2008 : $7,476,000) and the weighted average of 1,294,960,000 (2008 : 1,294,960,000) ordinary shares during the year.

5. INVENTORIES

GROUP

	2009	2008
	$'000	$'000
Trading inventories (stated at NRV)	**11,347**	—
The amount of inventories recognised as an expense during the year:		
Carrying amount of inventories sold	**353,925**	304,725
Write-down of inventories	**6,300**	23
	360,225	304,748

6. TRADE RECEIVABLES

GROUP

	2009	2008
	$'000	$'000
Trade receivables	**69,883**	22,863
Less : Impairment losses	**27,203**	—
	42,680	22,863

At 31 March 2009 and 2008, the aging analysis of the trade receivables were as follows:

	2009	2008
	$'000	$'000
Within 60 days	**262**	22,863
61-90 days	**—**	—
91-120 days	**60,405**	—
Over 121 days	**9,216**	—
	69,883	22,863
Less : Impairment losses	**27,203**	—
	42,680	22,863

Allowance account for credit losses:

Balance as at 1 April	**—**	1,802
Impairment losses made during the year	**27,203**	—
Amount written off	**—**	(1,802)
Balance as at 31 March	**27,203**	—

The Group sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the Group by letter of credit in order to minimise the Group's credit risk exposure.

7. TRADE PAYABLES

GROUP

At 31 March 2009 and 2008, the aging analysis of the trade payables were as follows:

	2009	2008
	$'000	$'000
Within 60 days	**314**	20,401
61-90 days	**73**	—
Over 90 days	**10,631**	—
	11,018	20,401

8. EVENT AFTER BALANCE SHEET DATE

(a) Connected transaction

On 14 May 2009, a subsidiary of the Company, entered into a contract with JCCL EPI (Qingyuan JCCL EPI Copper Limited, an equity joint venture company incorporated in the People's Republic of China (the "PRC") with limited liability and is owned 60% by EPI (Holdings) Limited ("EPI", the ultimate holding company of the Company as at 31 March 2009) and 40% by Jiangxi Copper Company Limited) for the sales of 300 metric tons copper ore to JCCL EPI. JCCL EPI is a connected person of the Company and the entering into of the Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the signing of the above contract to 27 May 2009, there was no trading of copper ore with JCCL EPI. On 27 May 2009, EPI ceased to be the controlling shareholder of the Company and hence, JCCL EPI ceased to be a connected person of the Company.

(b) Disposal of shares by controlling shareholder

On 18 May 2009, Advanced Grade Investments Limited, a wholly owned subsidiary of EPI which held approximately 57.92% of the Company and the shares of which are listed on the Stock Exchange, entered into a placing agreement (the "Placing Agreement") with a placing agent in:

(i) placing 100,000,000 shares of the Company to independent third parties; and

(ii) placing an option of 200,000,000 shares to independent third parties.

On 22 May 2009, an aggregate of 200,000,000 shares were placed to independent third parties under the Placing Agreement and Advanced Grade Investments Limited held approximately 42.47% of the Company after the placing and EPI ceased to be the ultimate holding company of the Company.

(c) Letter of Intent

On 10 June 2009, the Company entered into a legally binding letter of intent (the "Letter of Intent") with an independent third party in respect of a proposed formation of a joint venture (the "Proposed Joint Venture") in the PRC. The parties to the Letter of Intent have proposed to establish a sino-foreign joint venture enterprise which will be engaged in the business of constructing, operating and managing a large scale first class cemetery in a major city in the PRC.

(d) Placing of shares

On 18 June 2009, three vendors ("Vendors") entered into placing agreements with a placing agent to place 258,000,000 shares to independent third parties at a price of HK$0.42 per share. The Vendors also entered into subscription agreements with the Company, pursuant to which the Vendors agreed to subscribe for 258,000,000 shares at a price of HK$0.42 per share. The above transactions were completed on 29 June 2009 and the issue share capital of the Company were increased by 258,000,000 shares.

(e) Outstanding litigation

Since the balance sheet date, a subsidiary has lodged a legal claim against its major supplier on the quality of scrap metal. The outcome of which is not yet determined.

(f) Convertible Notes

On 19 June 2009, the Company entered into a legally binding term sheet with Abax Global Capital Pte. (S) Limited ("Abax Global") in relation to a potential investment by Abax Global in the Company. The proposed investment will consist of an approximately US$20–25 million investment in convertible notes ("CN") to be issued by the Company. The maturity date of the CN is 30 months from the issue of the CN at an interest rate of 9% per annum. The conversion price will be HK$0.55 to HK$0.58. The completion of the proposed investment is subject to applicable regulatory requirements and satisfactory completion of financial and legal due diligence and the execution of definitive agreements satisfactory to both Abax Global and the Company. The proposed investment may or may not proceed.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial result and business review

For the year ended 31 March 2009, the Group's turnover increased by 14.9% to approximately HK$362,990,000 from HK$315,804,000 for last year. The Group recorded a loss of approximately HK$45,476,000 for the year, which was higher than last year's net loss of HK$7,476,000. The increase in net loss was mainly due to the provision of approximately HK$27,203,000 and HK$6,300,000 made against trade receivable and inventories respectively, together with total share-based compensation approximately HK$2,237,000 during the year.

Turnover for trading of consumer electronic appliances (mainly export of audio-visual products) and scrap metal were approximately HK$154,322,000 (2008: HK$313,763,000) and HK$208,668,000 (2008: HK$2,041,000) respectively. The export of electronic appliances was slowed down mainly due to economic downturn and the surge in scrap metal sales was resultant from the focus of the management during the year. The Group's other revenues during the year mainly represented profit on dealing in future contracts of scrap metal in the amount of approximately HK$6,761,000. The Group had no outstanding future contracts or other derivative instruments at the year end.

In the year under review, the net cash outflow was approximately HK$101,535,000. This was mainly due to increase in trade receivable coupled with inventories by HK$47,020,000 and HK$17,647,000 respectively.

Although the Group reported net loss and net cash outflow during the year under review, its liquidity and financial position remain sound and healthy. The current ratio (current assets/current liabilities) and gearing ratio (total liabilities/ total assets) at year end were 5.27 (2008: 5.31) and 0.18:1 (2008: 0.25:1) respectively.

Subsequent to the year end, the Company issued ordinary shares by way of placing with net proceeds approximately HK$105,700,000. This has strengthened the Group's cash position.

2. **Prospect**

The Directors of the Board were completely changed in June 2009. The new management is actively exploring new business including cemetery related business. The Company has recently entered into a letter of intent to establish a Sino-foreign joint venture enterprise which will be engaged in constructing, operating and, managing a large scale first class cemetery in a major city in the People's Republic of China.

In the near future, the new management will actively seek for business partners and investment opportunities to secure its sources of income, to boost its profitability, to lay a solid foundation for its long term business growth, and to bring reasonable return to its shareholders.

OTHER INFORMATION

1. **Purchase, sale or redemption of listed securities of the Company**

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

2. **Corporate governance practices**

The Board is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. In the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules during the financial year, except for the deviation from Code A.2.1 and Code A.4.1 as described in the sections of "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal of Directors" contained in the Company's Annual Report for the year ended 31 March 2009.

3. **Dividend**

The Directors do not recommend the payment of any dividend for the year ended 31 March 2009 (2008: Nil)

4. **Review of financial information**

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 March 2009.

5. **Closure of register of members**

The register of members of the Company will be closed from Friday, 25 September 2009 to Wednesday, 30 September 2009 (both dates inclusive), during which no transfer of shares will be registered.

6. **Annual general meeting**

An annual general meeting is expected to be held on Wednesday, 30 September 2009. A notice convening the annual general meeting will be dispatched to the shareholders of the Company in due course.

By order of the Board
Vision Tech International Holdings Limited
Leung Chi Wah Earnest
Chief Executive Officer and Executive Director

Hong Kong, 25 July 2009

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Leung Chi Wah Earnest and Mr. Law Fei Shing; one non-executive director, namely Mr. Yeung Mui Kwan David; and two independent non-executive directors namely Mr. Law Yui Lun and Mr. So Livius.