VISION VALUES HOLDINGS LIMITED

遠見控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 862)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Directors**") of Vision Values Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2017 (the "**Financial Year**") together with the comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2017

		Year ended 30 June	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**22,212**	26,351
Other income		**2,118**	843
Changes in inventories of finished goods and work in progress		**(5,070)**	(6,575)
Subcontracting fees for project services		**(10,005)**	(11,557)
Fair value gains on investment properties		**5,248**	1,008
Employee benefit expenses		**(30,785)**	(13,748)
Depreciation		**(809)**	(866)
Other expenses	*5*	**(30,287)**	(24,473)
Loss before taxation		**(47,378)**	(29,017)
Income tax expense	*6*	**(1,160)**	(151)
Loss for the year		**(48,538)**	(29,168)
Loss attributable to:			
Owners of the Company		**(46,055)**	(26,803)
Non-controlling interest		**(2,483)**	(2,365)
		(48,538)	(29,168)
Loss per share attributable to owners of the Company for the year (HK cents)			
			(Restated)
Basic and diluted loss per share	*7*	**1.42**	(0.88)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(48,538)**	(29,168)
Other comprehensive loss		
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
— Release of reserve upon deregistration of a subsidiary	**(3,023)**	—
— Currency translation differences	**(336)**	(1,258)
Total comprehensive loss for the year	**(51,897)**	(30,426)
Attributable to:		
Owners of the Company	**(49,414)**	(28,061)
Non-controlling interest	**(2,483)**	(2,365)
Total comprehensive loss for the year	**(51,897)**	(30,426)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**5,669**	6,353
Investment properties	*8*	**149,175**	29,426
Exploration and evaluation assets	*9*	**57,267**	50,048
Goodwill		**3,334**	3,334
Held-to-maturity financial assets		**48,283**	48,452
		263,728	137,613
Current assets			
Inventories	*10*	**42,405**	28,517
Trade receivables	*11*	**6,828**	8,625
Prepayments, deposits and other receivables		**7,448**	6,562
Cash and bank balances		**220,614**	157,565
		277,295	201,269
Total assets		**541,023**	338,882
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**38,878**	259,184
Other reserves		**486,749**	214,059
Accumulated losses		**(28,145)**	(175,048)
		497,482	298,195
Non-controlling interest		**28,195**	25,726
Total equity		**525,677**	323,921
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**2,070**	898
Current liabilities			
Trade payables	*12*	**5,888**	5,700
Accrued charges and other payables		**7,388**	8,363
		13,276	14,063
Total liabilities		**15,346**	14,961
Total equity and liabilities		**541,023**	338,882
Net current assets		**264,019**	187,206

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable 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 which is stated at fair values.

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.

(a) Changes in accounting policy and disclosures

(i) Adoption of new/amended accounting standards for the year ended 30 June 2017

In the current financial year, the Group has adopted the following relevant new and amended standards (the "**new and amended HKFRSs**") issued by the HKICPA:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exemption
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements 2014	Annual Improvements 2012–2014 Cycle

(ii) New and amended standards have been issued but are not effective for the financial year beginning 1 July 2017 and have not been early adopted.

The following new and amended standards have been issued but are not effective for the financial year beginning 1 July 2017 and have not been early adopted by the Group:

Annual Improvement Project — HKFRS 12 (Amendments)	Annual Improvements 2014–2016 cycle[1]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Annual Improvement Project — HKFRS 1 and HKAS 12 (Amendments)	Annual Improvements 2014–2016 cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS15[2]
HKFRS 16	Leases[3]
HKAS 40 (Amendments)	Transfers of Investment Property[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined

New and revisd standards on HKFRS 15 "Revenue from Contracts with Customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return — HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

New standards on HKFRS 16 "Leases"

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$857,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Network solutions and project services fee	**19,896**	25,030
Rental income	**2,316**	1,321
	22,212	26,351

4. SEGMENT INFORMATION

The Group's reportable operating segments are: (i) network solutions and project services; (ii) property investment; (iii) yacht building; and (iv) minerals exploration.

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.

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.

The segment revenue and results for the year ended 30 June 2017

	Network solutions and project services *HK$'000*	**Property investment** *HK$'000*	**Yacht building** *HK$'000*	**Minerals exploration** *HK$'000*	**Total** *HK$'000*
Segment revenue	**19,896**	**2,316**	**—**	**—**	**22,212**
Segment results	**3,785**	**1,943**	**—**	**—**	**5,728**
Depreciation of property, plant and equipment	**(94)**	**—**	**(112)**	**(264)**	**(470)**
Fair value gains on investment properties	**—**	**5,248**	**—**	**—**	**5,248**
Unallocated expenses *(Note a)*					**(59,995)**
Interest income					**2,111**
Loss before taxation					**(47,378)**
Other segment information:					
Capital expenditure *(Note b)*	**2**	**114,837**	**8**	**7,219**	**122,066**
Unallocated capital expenditure					**128**
					122,194

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses, share-based payment and reimbursement of sharing of administrative services incurred at corporate level.

(b) This relates to additions to property, plant and equipment, investment properties and exploration and evaluation assets.

The segment revenue and results for the year ended 30 June 2016

	Network solutions and project services *HK$'000*	Property investment *HK$'000*	Yacht building *HK$'000*	Minerals exploration *HK$'000*	Total *HK$'000*
Segment revenue	25,030	1,321	—	—	26,351
Segment results	5,673	1,009	—	—	6,682
Depreciation of property, plant and equipment	(94)	—	(92)	(340)	(526)
Fair value gains on investment properties	—	1,008	—	—	1,008
Write-off of exploration and evaluation assets	—	—	—	(507)	(507)
Unallocated expenses *(Note a)*					(36,515)
Interest income					841
Loss before taxation					(29,017)
Other segment information:					
Capital expenditure *(Note b)*	25	—	177	18,847	19,049
Unallocated capital expenditure					61
					19,110

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses and reimbursement of sharing of administrative services incurred at corporate level.

(b) This relates to additions to property, plant and equipment and exploration and evaluation assets.

Segment Assets

For the year ended 30 June 2017

	Network solutions and project services *HK$'000*	**Property Investment** *HK$'000*	**Yacht building** *HK$'000*	**Minerals exploration** *HK$'000*	**Total** *HK$'000*
Total segment assets	**7,632**	**149,971**	**47,635**	**57,786**	**263,024**
Unallocated:					
Cash and bank balances					**220,614**
Other unallocated assets					**57,385**
Consolidated total assets					**541,023**

For the year ended 30 June 2016

	Network solutions and project services *HK$'000*	Property Investment *HK$'000*	Yacht building *HK$'000*	Minerals exploration *HK$'000*	Total *HK$'000*
Total segment assets	10,895	29,899	31,010	50,831	122,635
Unallocated:					
Cash and bank balances					157,565
Other unallocated assets					58,682
Consolidated total assets					338,882

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

Hong Kong	:	Network solutions and project services, property investment and yacht building
Mainland China	:	Property investment
Mongolia	:	Minerals exploration

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

	Non-current assets		Revenue	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**180,100**	67,159	**21,329**	25,452
Mainland China	**25,875**	19,656	**883**	899
Mongolia	**57,753**	50,798	**—**	—
	263,728	137,613	**22,212**	26,351

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

Revenue of approximately HK$11,882,000 (2016: HK$11,541,000) is derived from a single (2016: a single) largest customer who accounted for 10% or more of the Group's revenue. The revenue is attributable to the segment of network solutions and project services in Hong Kong.

5. OTHER EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit services	**1,490**	1,360
— Overprovision in prior year	**—**	(10)
— Non-audit services	**23**	22
Direct operating expenses from investment properties that generate rental income	**373**	312
Exchange loss/(gain) — net	**459**	(11)
Write-off of exploration and evaluation assets *(Note 9)*	**—**	507
Operating lease rentals for land and buildings	**2,307**	2,507
Share-based payment (excluding directors and employee)	**9,292**	—
Legal and professional fee	**3,199**	5,141
Reimbursement of sharing of administrative services on a cost basis	**10,415**	9,486
Release of reserve upon deregistration of a subsidiary *(Note)*	**(3,023)**	—

Note: During the year ended 30 June 2017, the Group deregistered a subsidiary, Beijing New World CyberBase Company Limited. A gain in connection with the deregistration of HK$3,023,000 was recognised in the consolidated statement of profit or loss, which mainly arose from the release of exchange reserve credited to the consolidated statement of profit or loss.

6. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided (2016: nil) as the Group did not have assessable profit 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.

	2017	2016
	HK$'000	*HK$'000*
Current tax		
— Over-provision in prior year	**12**	—
Deferred tax		
— Origination of temporary differences	**(1,172)**	(151)
Total income tax expense	**(1,160)**	(151)

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2017	2016
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(46,055)**	(26,803)
		(Restated)
		(Note)
Weighted average number of ordinary shares in issue (in thousands)	**3,252,722**	3,040,760

(b) Diluted

The calculation of the diluted loss per share for the years ended 30 June 2017 and 2016 is based on the loss for the year attributable to equity holders of the Company adjusted to assume exercise of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share option. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of share option.

The share options issued by the Company were not assumed to be exercised as they would have anti-dilutive impact to the basic loss per share for the years ended 30 June 2017 and 2016.

Note: The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 30 June 2016 have been adjusted for the bonus element of the rights issue completed on 29 March 2017.

8. INVESTMENT PROPERTIES

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	**29,426**	29,660
Addition through acquisition of subsidiaries *(Note 13)*	**114,837**	—
Fair value gains on investment properties	**5,248**	1,008
Currency translation differences	**(336)**	(1,242)
At end of the year	**149,175**	29,426

Amounts recognised in profit and loss for investment properties

	2017	2016
	HK$'000	*HK$'000*
Rental income	**2,316**	1,321
Direct operating expenses from properties that generated rental income	**(373)**	(312)
	1,943	1,009

The Group's investment properties were valued at 30 June 2017 and 2016 by independent professionally qualified valuers, Eidea Professional Services Company Limited (2016: DTZ Cushman & Wakefield Limited), whom hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the investment properties valued. In estimating the fair value of the properties, the best use of the properties is their current use.

9. EXPLORATION AND EVALUATION ASSETS

The Group owns mineral exploration licenses in southern and western parts of Mongolia. The additions to the exploration and evaluation assets subsequent to the acquisition represent the geological and geophysical costs, drilling and exploration expenses directly attributable to exploration activities.

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	**50,048**	31,729
Additions	**7,219**	18,826
Written off *(Note)*	**—**	(507)
At end of the year	**57,267**	50,048

Note: During the year ended 30 June 2016, the Group returned one exploration licence, which had no investment potential after due assessment by the Directors, to the Mongolian Government and wrote off the costs related to this licence including the related exploration costs.

10. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**694**	2,438
Work in progress	**41,523**	25,897
Finished goods	**188**	182
	42,405	28,517

11. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**6,828**	8,625

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

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**3,582**	5,505
31–60 days	**476**	630
61–90 days	**996**	324
Over 91 days	**1,774**	2,166
	6,828	8,625

As of 30 June 2017, trade receivables of HK$3,126,000 (2016: HK$2,892,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default except for a trade receivables amounted to approximately HK$1,524,000 (2016: HK$1,524,000) which are in litigation proceedings to recover the disputed amount from a customer relating to owed payment of the works performed from 2011 to 2013. Management considers this amount is highly probable to be recovered based on external legal advice. The ageing analysis by due date of these trade receivables is as follows:

	2017	2016
	HK$'000	*HK$'000*
Past due 1–30 days	**1,444**	572
Past due 31–60 days	**55**	256
Past due 61–90 days	**61**	435
Past due 91–180 days	**1,566**	1,629
	3,126	2,892

12. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**2,928**	2,487
31–60 days	**831**	183
61–90 days	**17**	653
91–180 days	**2,112**	2,377
	5,888	5,700

The carrying amounts of trade payables approximate their fair values.

13. ACQUISITION OF INVESTMENT PROPERTIES THROUGH ACQUISITION OF SUBSIDIARIES

On 3 October 2016 and 16 December 2016, Comet Eagle Limited and Star Power Global Limited, the wholly-owned subsidiaries of the Company entered into agreements to acquire 100% equity interest of Star Bright (HK) Holdings Limited ("**Star Bright**") and Power Able Enterprises Limited ("**Power Able**") from independent third parties for cash considerations of HK$62,513,000 and HK$51,011,000 respectively (the "**Transactions**"). Star Bright owns solely an office premise and a car parking space located in Central, Hong Kong and Power Able owns solely an office premise located in Wanchai, Hong Kong. The Transactions were completed on 15 November 2016 and 18 January 2017 respectively.

The relative fair values of the assets and liabilities of Power Able and Star Bright at the completion date of acquisition were as follows:

	Power Able	**Star Bright**
	HK$'000	*HK$'000*
Consideration:		
Cash consideration paid including transaction costs	51,712	63,289
	HK$'000	*HK$'000*
Fair value recognised on acquisition		
Investment properties	51,701	63,136
Deposits and prepayments	20	43
Income tax recoverable	—	158
Cash and bank balances	—	472
Accruals charges and other payable	(9)	(520)
	51,712	63,289

	HK$'000
Net cash outflow arising on acquisitions:	
Cash considerations paid	115,001
Cash and bank balances acquired	(472)
	114,529

The Transactions were considered as asset acquisitions and the Group allocated the costs of the Group's assets and liabilities to the individual identifiable assets and liabilities on the basis of their fair values at the date of completion. In this regard, the initial cost of the investment properties amount included (i) the consideration paid, (ii) direct costs incurred directly attributable for the acquisition, and (iii) fair value of cash and bank balances and net liabilities of Star Bright and Power Able acquired/assumed at the completion date. Direct costs incurred directly attributable for the acquisition included commission and legal expenses for approximately HK$1,313,000. Total initial costs incurred for the acquisition of investment properties that were capitalised upon completion of the acquisition amounted to approximately HK$114,837,000.

14. CAPITAL COMMITMENTS

The total capital expenditure of exploration activities in Mongolia which was authorised by management of the Group but not contracted for as at 30 June 2017 amounted to HK$14,887,000 (2016: HK$18,516,000). Such capital expenditure of exploration activities were contributed by equity holders of the Mission Wealth Group on a pro-rata basis and the commitment of the Company amounts to HK$7,592,000 (2016: HK$9,443,000).

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2017	2016
	HK$'000	*HK$'000*
Exploration drilling	**1,404**	5,742
Yacht building	**6,759**	5,849
	8,163	11,591

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2016: nil).

15. EVENT AFTER THE REPORTING PERIOD

On 12 July 2017, an indirect wholly-owned subsidiary of the Company entered into an agreement for acquisition of a property located in 19th Floor otherwise known as 15th Floor above the car park podium and two car park spaces nos. 64 and 65 on the 3rd Floor of Fortis Bank Tower, Nos. 77–79 Gloucester Road, Hong Kong (the "**Acquisition**"), at a consideration of HK$141,525,000 subject to the fulfillment of the conditions set out in the agreement. The Acquisition was approved by the shareholders of the Company on 13 September 2017 and was completed on 22 September 2017.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on 22 November 2017. The notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in due course.

The register of members of the Company will be closed from Friday, 17 November 2017 to Wednesday, 22 November 2017, both days inclusive. During such period, no transfer of shares of the Company will be registered. For the purpose of ascertaining the members' entitlement to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 16 November 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

   It was a challenging year for NSPS. The revenue fell from HK$25.0 million in 2016 to HK$19.9 million in 2017, a 20.5% decrease.

   For the segment results, NSPS posted a 33.3 percent year-on-year slump in segment profit to HK$3.8 million (2016: HK$5.7 million).

   NSPS earns its revenue through the sale of telecom solutions, enterprise solutions, project services and systems maintenance. The revenue breakdown was as follows:

   (i) revenue from telecom solutions was HK$4.8 million (2016: HK$4.2 million);

   (ii) revenue from enterprise solutions was HK$1.5 million (2016: HK$4.2 million);

   (iii) revenue from project services was HK$11.9 million (2016: HK$13.8 million; and

   (iv) revenue from systems maintenance was HK$1.7 million (2016: HK$2.8 million).

   The main reasons attributable to the disappointing financial performance during the Financial Year were:

   (a) potential clients were very cautious in their attitude towards making capital investment or replacement decisions;

   (b) merger and acquisition of our key vendors in the past 2 years leading to market reshuffle and the establishment of more resellers and competitors;

   (c) NSPS faced a squeeze on profit margins due to keen competition in the market in particular for the enterprise solutions; and

   (d) the growing popularity of internet created market and price transparency which in turn further eroded our profit margins.

Among the different revenue streams, project services generated the highest revenue but the lowest profit margin. The revenue for project services was mainly derived from a cellular site installation contract with a mobile operator in Hong Kong. For the business of telecom solutions, the products from RAD Data Communications, Oscilloquartz and SwissQual promoted by NSPS were well-received by the market practitioners in Hong Kong.

In previous financial years, NSPS lodged a claim against a main contractor for a sum of HK$2.4 million, being the related contract sum together with other variation orders. NSPS is still actively pursuing the action and a case management summon hearing is scheduled in January 2018.

2. ***Property Investment***

The Group had completed the acquisition of two commercial properties in Hong Kong in November 2016 and January 2017 respectively in order to diversify the Group's property investment portfolio. Except for the newly acquired office unit in Wanchai, all the investment properties were fully rented out during the Financial Year.

3. ***Yacht Construction and Trading***

The construction of the first model yacht was well underway during the Financial Year. The building of the yacht is expected to be completed by the end of 2017.

4. ***Exploration and evaluation of mineral resources***

The exploration plan for the year 2017 in respect of the Group's four exploration licenses in Mongolia had been formulated with details as follows:

(a) license number 12999 — focus on polymetallic anomalies in two target areas with exploration works covering regional-scale infill geological mapping, target-scale structure-alteration mapping, geophysical surveys (pole-dipole induced polarization and gravity), diamond core drilling, surface rock chips and drill core sampling, geochemistry, petrology and mineralogy studies;

(b) license number 13598 — focus on molybdenum and copper anomaly in one target area with exploration works covering target-scale structure alteration mapping, drilling, surface rock chips and drill core sampling, geochemistry, petrology and mineralogy studies;

(c) license number 13593 — focus on polymetallic anomaly in one target area with exploration works covering regional-scale geologic mapping, target-scale structure alteration mapping, geophysical surveys (magnetic, pole-dipole induced polarization and gravity), surface rock chips sampling, geochemistry, petrology and mineralogy studies; and

(d) license number 13595 — exploration works covering geological assessment reconciliation work to generate new exploration targets.

The 2017 exploration budget is approximately HK$21.0 million. The exploration teams were already mobilised in May 2017.

Financial Review

1. ***Results Analysis***

   During the Financial Year, the Group's revenue decreased to HK$22.2 million (2016: HK$26.4 million). Around 89.6% (2016: 95.0%) of the Group's revenue was originated from the NSPS business segment.

   The sharp increase in other income was mainly due to the full-year-effect of interest income of approximately HK$1.7 million (2016: HK$0.2 million) from two corporate bonds invested by the Company at the near end of last financial year.

   The fair values of the Group's investment properties at the end of the Financial Year were valued by an independent qualified valuer. The carrying values of the investment properties as at 30 June 2017 increased by 406.9% to HK$149.2 million (2016: HK$29.4 million). The net increase in carrying values consisted of (i) acquisition costs of two Hong Kong commercial properties acquired during the Financial Year of HK$114.8 million (2016: nil); (ii) fair value gains on investment properties of HK$5.2 million (2016: HK$1.0 million); and (iii) loss in currency translation of HK$0.3 million (2016: HK$1.2 million) on our investment properties in China.

   The increased in employee benefit expenses was mainly due to (i) share-based payment expense of HK$12.4 million (2016: HK$0.2 million) mostly related to the share options granted in April 2017; and (ii) the Company had entered into a service contract with Mr. Lo Lin Shing, Simon ("**Mr. Lo**"), chairman of the Company, at April 2016 for a fixed term of three years with a monthly salary of HK$0.5 million.

   The increased in other expenses was mainly due to the share-based payment expense of HK$9.3 million (2016: nil) in relation to the share options granted in April 2017 being offered to several consultants of the Group.

2. ***Liquidity and Financial Resources***

   As at 30 June 2017, the capital and reserves attributable to the shareholders of the Company was HK$497.5 million (2016: HK$298.2 million). During the Financial Year, the Company raised approximately HK$233.3 million, before expenses, by way of a rights issue on the basis of one rights share for every two existing shares at the subscription price of HK$0.18 per rights share.

   In 2013, the Company placed its new shares under general mandate and raised approximately HK$102.8 million (the "**Proceed**"). During the Financial Year, the Proceed was fully utilised to acquire two commercial properties in Hong Kong.

   As at 30 June 2017, the Group had no bank or other borrowings (2016: nil).

3. *Gearing*

The Group had no gearing as at 30 June 2017 (2016: nil)

4. *Foreign Exchange*

The key operations of the Group are located in Hong Kong, China and Mongolia. 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 arise.

5. *Contingent Liabilities*

As at 30 June 2017, the Group did not have material contingent liabilities (2016: nil).

Business Outlook & Development

Based on latest economic data, Hong Kong economic performance is expected to be better than 2016 but the outlook for the global economy remains uncertain.

In the NSPS division, the total contract on hand as at 30 June 2017 was HK$9.2 million. Among this total contract sum, 24.0% belongs to the sales of network solutions and maintenance, whilst the remaining belongs to the project services.

Apart from focusing on existing products and solutions, NSPS is exploring more new business opportunities to broaden its customer base. To develop Hong Kong as a world leading smart city, the employment of internet of things ("**IoT**") becomes the essential market trend. NSPS is trying to explore the IoT business opportunities by working with a leading partner in IoT.

NSPS still needs to take some time to tackle various challenges ahead in order to turnaround its business despite the gradual improvement of the economic climate in Hong Kong.

In the property investment division, the Company announced on 12 July 2017 to acquire an office building located in Wanchai. The said acquisition was completed on 22 September 2017. The Company expects this acquisition will contribute a stabilised revenue income to the Group immediately after the completion.

In the yacht construction division, the Group may conduct an overall review on the yacht construction business after completion of the first model yacht.

Meanwhile, the Group will cautiously explore new investment opportunities apart from existing business sectors with an aim to broaden its revenue base.

EMOLUMENT POLICY

As at 30 June 2017, the Group had employed a total of 30 full-time employees (2016: 30) in Hong Kong. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed and determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Group also offers appropriate training programs for staff training and development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Financial 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 recognises the importance of maintaining a high standard of corporate governance practices to protect and enhance the benefits of the shareholders. The Board and the management of the Company have collective responsibility to maintain the interest of the shareholders and to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of shareholders and investors.

During the Financial Year, the Company had applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), save for the following deviations:

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

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

   None of the existing Non-executive Directors is appointed for a specific term which constitutes a deviation from the code provision A.4.1 of the CG Code. However, they are subject to retirement by rotation in accordance with the provisions of the Articles of Association (the "**Articles**") of the Company. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the CG Code.

iii. Code provisions A.5.1 to A.5.4 of the CG Code require a nomination committee to be set up, chaired by the chairman of the board or an independent non-executive director to review the structure, size and composition of the board at least annually to complement the issuer's corporate strategy.

The Company has not set up a nomination committee as required. The Board considers that it should be the responsibility of the full Board to review these matters and make decisions from time to time. The Board has already set out the criteria for selection of a director under its internal policy. According to Articles of the Company, any newly appointed Directors are required to offer themselves for re-election at the next general meeting. Furthermore, the Director re-election process participating by the shareholders in the annual general meeting (the "**AGM**") and the rights of shareholders to nominate a Director both ensure a right candidate to be selected to serve the Board effectively.

iv. Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM of the Company.

Due to another business engagement, the chairman of the Board did not attend the 2016 AGM. An executive Director had chaired the 2016 AGM and answered shareholders' questions (if any). The AGM of the Company provides a channel for communication between the Board and the shareholders. The chairman of the Audit and Remuneration committees of the Company was also present and available to answer questions at the 2016 AGM.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by the Directors (the "**Code**") and Written Guidelines for Securities Transactions by Employees of the Group (the "**Employees' Guidelines**") who are likely to be in possession of unpublished inside information, which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**").

During the period of sixty days immediately preceding and including 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.

During the period of thirty days immediately preceding and including the publication date of the half year results or, if shorter, the period from the end of the relevant financial quarterly or half year period up to and including the publication date of the half year 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 reminders prior to the commencement of such period to all Directors and relevant employees.

Having made specific enquiry by the Company, all Directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Year.

REVIEW OF ANNUAL RESULTS

The independent auditor of the Company, Messrs. PricewaterhouseCoopers, has agreed that the figures in respect of the Group's annual results for the year ended 30 June 2017 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year in accordance with its engagement under Hong Kong Standard on Related Services 4400 "Engagements to perform agreed-upon procedures regarding financial information" and with reference to Practice Note 730 "Guidance for auditors regarding preliminary announcements of annual results" issued by the Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive Directors, namely Mr. Lau Wai Piu, Mr. Tsui Hing Chuen, William *JP* and Mr. Lee Kee Wai, Frank. Mr. Lau Wai Piu is the chairman of the Audit Committee and has appropriate professional qualifications, accounting and related financial management expertise.

The Audit Committee has reviewed the consolidated financial statements for the Financial Year 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 (**www.hkexnews.hk**) and the Company (**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
Tang Chi Kei
Company Secretary

Hong Kong, 27 September 2017

As at the date of this announcement, the Board comprises six Directors, including Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman, are executive Directors, Mr. Lo, Rex Cze Kei is non-executive Director and Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank are independent non-executive directors.