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 2018

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 2018 (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 2018

		Year ended 30 June	
	Note	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*3*	**30,354**	22,212
Other (losses)/income, net	*5*	**(2,879)**	2,118
Changes in inventories of finished goods and work in progress		**(6,158)**	(5,070)
Subcontracting fees for project services		**(13,209)**	(10,005)
Fair value gains on investment properties		**45,468**	5,248
Employee benefit expenses		**(19,638)**	(30,785)
Depreciation		**(773)**	(809)
Other expenses	*6*	**(24,792)**	(30,287)
Profit/(loss) before income tax		**8,373**	(47,378)

	Note	Year ended 30 June **2018** ***HK$'000***	 2017 *HK$'000*
Income tax expense	*7*	**(880)**	(1,160)
Profit/(loss) for the year		**7,493**	(48,538)
Profit/(loss) attributable to:			
Owners of the Company		**9,819**	(46,055)
Non-controlling interests		**(2,326)**	(2,483)
		7,493	(48,538)
Earnings/(loss) per share attributable to owners of the Company for the year (HK cents)	*8*		
Basic and diluted earnings/(loss) per share		**0.25**	(1.42)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) for the year	**7,493**	(48,538)
Other comprehensive income/(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	**676**	(336)
Total comprehensive income/(loss) for the year	**8,169**	(51,897)
Attributable to:		
Owners of the Company	**10,495**	(49,414)
Non-controlling interests	**(2,326)**	(2,483)
Total comprehensive income/(loss) for the year	**8,169**	(51,897)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June** **2018** *HK$'000*	2017 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**5,153**	5,669
Investment properties	*9*	**350,012**	149,175
Exploration and evaluation assets	*10*	**69,890**	57,267
Goodwill		**–**	3,334
Held-to-maturity financial assets		**–**	48,283
		425,055	263,728
Current assets			
Inventories	*11*	**59,253**	42,405
Trade receivables	*12*	**12,143**	6,828
Prepayments, deposits and other receivables		**10,761**	7,448
Cash and bank balances		**71,921**	220,614
		154,078	277,295
Total assets		**579,133**	541,023
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**39,242**	38,878
Other reserves		**494,364**	486,749
Accumulated losses		**(18,326)**	(28,145)
		515,280	497,482
Non-controlling interests		**35,082**	28,195
Total equity		**550,362**	525,677

	Note	As at 30 June 2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**2,939**	2,070
Current liabilities			
Trade payables	*13*	**7,545**	5,888
Accrued charges and other payables		**18,287**	7,388
		25,832	13,276
Total liabilities		**28,771**	15,346
Total equity and liabilities		**579,133**	541,023
Net current assets		**128,246**	264,019

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 are 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.

Changes in accounting policy and disclosures

(a) New standards, amendments to standards and interpretations to existing standards adopted by the Group

The following amendments to standards are mandatory for the accounting period beginning on 1 July 2017 and relevant to the Group. The adoption of these amendments to standards has no material impact on the financial positions and results of the Group for the current and prior periods.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred income tax assets for unrealised losses
Amendments to HKFRS 12	Disclosure of interest in other entities

(b) New standards and amendments to standards that have been issued but are not effective

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

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Projects HKFRS 1 and HKAS 28	Annual improvements 2014 – 2016 cycle	1 January 2018
Amendments to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendment to HKFRS 15	Clarification to HKFRS 15	1 January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 January 2018

Amendments to HKAS 40	Transfers of investment property	1 January 2018
HK(IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group's assessment of the impact of these new standards and interpretations is set out below:

HKFRS 9 "Financial Instruments"

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018:

The financial assets currently held by the Group include:

- debt instruments currently classified as loans and receivables which would continue to be measured at amortised cost and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

There will be no impact on the Group's financial liabilities, as the new requirements only affect the account for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("**ECL**") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost and contract assets under HKFRS 15 "Revenue from Contracts with Customers". Based on the assessments undertaken up to date, the Group does not expect the new model to have any material impact on the recognition of the Group's credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparative figures for 2017 will not be restated.

HKFRS 15 "Revenue from Contracts with Customers"

Nature of change

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 and the related literature.

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.

Impact

Management has assessed the effects of applying the new standard on the Group's consolidated 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.

Based on the assessments undertaken up to date, the Group does not expect the new standard to have any material impact on the Group's consolidated financial statements.

Date of adoption by Group

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

HKFRS 16 "Leases"

Nature of change

HKFRS 16 will result in almost all leases being recognised on the consolidated 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.

Impact

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$397,000. 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.

Management is in the process of quantifying the potential effects of this new standard in its consolidated financial statements.

Date of adoption by Group

HKFRS 16 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. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Network solutions and project services fee	**24,237**	19,896
Rental income	**5,528**	2,316
Private jet management services income	**589**	–
	30,354	22,212

4. SEGMENT INFORMATION

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

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 2018

	Network solutions and project services	Property investment	Yacht building	Minerals exploration	Private jet management services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	24,237	5,528	–	–	589	30,354
Segment results	3,951	4,569	–	–	257	8,777
Depreciation of property, plant and equipment	(131)	–	(101)	(224)	–	(456)
Fair value gains on investment properties	–	45,468	–	–	–	45,468
Unallocated expenses *(Note a)*						(47,287)
Interest income						1,871
Profit before income tax						8,373
Other segment information:						
Capital expenditure *(Note b)*	164	154,694	4	12,623	–	167,485
Unallocated capital expenditure						109
						167,594

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses, legal and professional fees 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 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.

Segment Assets

For the year ended 30 June 2018

	Network solutions and project services *HK$'000*	**Property investment** *HK$'000*	**Yacht building** *HK$'000*	**Minerals exploration** *HK$'000*	**Private jet management services** *HK$'000*	**Total** *HK$'000*
Total segment assets	13,920	350,708	65,588	70,211	1,355	501,782
Unallocated:						
Cash and bank balances						71,921
Other unallocated assets						5,450
Consolidated total assets						579,153

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

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

Hong Kong	: Network solutions and project services, property investment, yacht building and private jet management services
Mainland China	: Property investment
Mongolia	: Mineral exploration

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

	Non-current assets		Revenue	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**317,253**	180,100	**29,700**	21,329
Mainland China	**37,642**	25,875	**654**	883
Mongolia	**70,160**	57,753	**–**	–
	425,055	263,728	**30,354**	22,212

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$14,084,000 (2017: HK$11,882,000) is derived from a single (2017: 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 (LOSSES)/INCOME, NET

	2018	2017
	HK$'000	*HK$'000*
Interest income	**1,871**	2,111
Impairment loss of goodwill	**(3,334)**	–
Loss on disposal of held-to-maturity financial assets	**(1,416)**	–
Sundry income	**–**	7
	(2,879)	2,118

6. OTHER EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**1,480**	1,490
– Non-audit services	**24**	23
Direct operating expenses from investment properties that generate rental income	**959**	373
Exchange loss – net	**358**	459
Operating lease rentals for land and buildings	**2,332**	2,307
Share-based payment (excluding Directors and employees)	**–**	9,292
Legal and professional fee	**3,704**	3,199
Reimbursement of sharing of administrative services	**8,798**	10,415

7. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	2018	2017
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax	**21**	–
– Over-provision in prior year	**(10)**	(12)
Deferred tax		
– Origination of temporary differences	**869**	1,172
Total income tax expense	**880**	1,160

8. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2018	2017
Profit/(loss) attributable to owners of the Company (HK$'000)	**9,819**	(46,055)
Weighted average number of ordinary shares in issue (in thousands)	**3,909,678**	3,252,722
Basic earnings/(loss) per ordinary share (HK cents)	**0.25**	(1.42)

(b) Diluted

Diluted earnings/(loss) per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares arising from share options, for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

	2018	2017
Profit/(loss) attributable to owners of the Company (HK$'000)	**9,819**	(46,055)
Weighted average number of ordinary shares in issue (in thousands)	**3,909,678**	3,252,722
Adjustment for share options (in thousands)	**70,575**	–
Weighted average number of ordinary shares for diluted earnings/(loss) per ordinary share (in thousands)	**3,980,253**	3,252,722
Diluted earnings/(loss) per ordinary share (HK cents)	**0.25**	(1.42)

During the year ended 30 June 2017, the share options granted by the Company were not assumed to be exercised as they would have anti-dilutive impact to the basic loss per share.

9. INVESTMENT PROPERTIES

	2018 *HK$'000*	2017 *HK$'000*
At beginning of the year	**149,175**	29,426
Additions	**154,694**	–
Addition through acquisition of subsidiaries	**–**	114,837
Fair value gains on investment properties	**45,468**	5,248
Currency translation differences	**675**	(336)
At end of the year	**350,012**	149,175

Amounts recognised in profit and loss for investment properties

	2018 *HK$'000*	2017 *HK$'000*
Rental income	**5,528**	2,316
Direct operating expenses from properties that generated rental income	**(959)**	(373)
	4,569	1,943

The Group's investment properties were valued at 30 June 2018 by independent professionally qualified valuers, APAC Appraisal and Consulting Limited (2017: Eidea Professional Services Company 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 highest and best use of the properties is their current use.

10. EXPLORATION AND EVALUATION ASSETS

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

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**57,267**	50,048
Additions	**12,623**	7,219
At end of the year	**69,890**	57,267

11. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Raw materials	**694**	694
Work in progress	**57,990**	41,523
Finished goods	**569**	188
	59,253	42,405

12. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**12,143**	6,828

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:

	2018	2017
	HK$'000	*HK$'000*
1 – 30 days	**9,903**	3,582
31 – 60 days	**622**	476
61 – 90 days	**58**	996
Over 90 days	**1,560**	1,774
	12,143	6,828

As of 30 June 2018, trade receivables of HK$2,251,000 (2017: HK$3,126,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis by date of these trade receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
Past due 1 – 30 days	**624**	1,444
Past due 31 – 60 days	**14**	55
Past due 61 – 90 days	**53**	61
Past due over 91 days	**1,560**	1,566
	2,251	3,126

13. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**2,843**	2,928
31 – 60 days	**610**	831
61 – 90 days	**342**	17
91 – 180 days	**3,750**	2,112
	7,545	5,888

The carrying amounts of trade payables approximate their fair values.

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 2018 amounts to HK$12,507,000 (2017: HK$14,887,000). 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$6,378,000 (2017: HK$7,592,000).

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

	2018	2017
	HK$'000	*HK$'000*
Exploration drilling	**9,294**	1,404
Yacht building	**6,280**	6,759
	15,574	8,163

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2017: nil).

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The independent auditor of the Company, Messrs. PricewaterhouseCoopers, has agreed that the figures in respect of the Group's consolidated results for the year ended 30 June 2018 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 HKICPA.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2018 (2017: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on Friday, 30 November 2018. 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 Tuesday, 27 November 2018 to Friday, 30 November 2018, 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 Monday, 26 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

It was another difficult year for NSPS, albeit the revenue increased by 21.8% to HK$24.2 million (2017: HK$19.9 million). For the segment results, NSPS posted an approximately 4.4% gain in segment profit to HK$4.0 million (2017: HK$3.8 million)

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

(i) telecom solutions was HK$4.5 million (2017: HK$4.8 million);

(ii) enterprise solutions was HK$3.3 million (2017: HK$1.5 million);

(iii) project services was HK$15.3 million (2017: HK$11.9 million); and

(iv) systems maintenance was HK$1.1 million (2017: HK$1.7 million)

Though the revenue contributed from the project services was the highest, its gross profit margin was on average of about 10.1% only and it was the lowest among all the revenue streams. The average gross profit margin for both sale of telecom solutions and systems maintenance were also dropped slightly during the Financial Year as compared with last corresponding year.

The business environment for NSPS is a typical crowded market. In the absence of new business models, price reduction and provision of premium services are the keys to survive in such market. However, the gross profit margin for each existing revenue streams will inevitably be sacrificed.

Despite NSPS faced fierce market competition during the Financial Year, NSPS had successfully received work orders from several mobile telecommunication operators in Hong Kong. One notable project completed during the Financial Year was a closed circuit television ("**CCTV**") system replacement work for a renowned international school at the Hong Kong Island. This project was the first large scale CCTV replacement work involving 155 pieces of CCTV cameras supplied and installed by Cyber on Air (Asia) Limited ("**COA**"), an indirect wholly owned subsidiary of the Company. The successful completion of this project becomes a good job reference to showcase the competence of COA when promoting similar projects in future.

In response to the rough business environment ahead, NSPS has taken various cost cutting measures during and after the Financial Year in order to maintain its financial health including a manpower rationalization exercise is conducted to reduce staff costs as well as simplifying workflow to improve overall work efficiency. Furthermore, the office area for NSPS is also reduced to save rental expenses.

Regarding the latest development of the legal action against a contractor in respect of outstanding fee, COA made a sanctioned offer related to the whole claim and it was accepted by the contractor after the Financial Year. The contractor paid HK$1.6 million to COA as full and final settlement of all the contractual disputes and the settlement will not have any material financial impact on the Group.

2. Property Investment

The business strategy for the Group's investment properties is holding to earn rentals income and/or for capital appreciation. The Company will review the Group's property portfolio from time to time in order to optimize the return from the investment properties. As at the end of the Financial Year, the Group's investment properties were fully rented out except for the following: (a) House No. 2B, Beijing Riviera, 1 Xiang Jiang North Road, Beijing, PRC; and (b) 17/F., Henan Building, Wan Chai, Hong Kong.

3. Yacht Construction and Trading

During the Financial Year, the building of the yacht was almost finished. For the rest of the year 2018, the building team is concentrating on the interior decoration works. Based on the current work schedule, the completion time will be delayed due to unexpected material delivery delays and some design changes during construction. Accordingly, the sea trials of the yacht will tentatively be adjourned to next financial year.

4. Exploration and evaluation of mineral resources

FVSP LLC, an indirect 51%-owned subsidiary, owns four exploration licenses covering a total of approximately 104,000 hectares in Gobi-Altay and Khovd provinces of Western Mongolia.

For the 2018 exploration plan, the key exploration works will be focused on licenses 13593 and 13598. Based on our previous exploration studies, license 13593 has the potential to find volcanic-hosted massive sulfide deposits and license 13598 has the potential to find porphyry deposits. The 2018 exploration budget of FVSP LLC is approximately US$3.8 million (equivalent to HK$29.6 million) and the related exploration works are summarized as follows:

(a) License 13593 – Target mapping (covering 9,000 hectares), ground magnetic survey, induced polarization ("**IP**") and Pole Di-Pole ("**PDP**") surveys, gravity technique, electromagnetic survey, drilling (in aggregate of 5,000 meters) and archeology (covering 2,000 hectares);

(b) License 13598 – Reconnaissance and target mapping (covering 5,200 hectares), IP & PDP surveys, magnetic survey, drilling (in aggregate of 1,500 meters) and biological reclamation (covering 0.39 hectare);

(c) License 12999 – Target mapping (covering 1,000 hectares), IP & PDP survey, drilling (in aggregate of 500 meters), trench channel sampling (in aggregate of 450 meters) and archeology (covering 1,368 hectares); and

(d) License 13595 – Target generation reconnaissance (covering 3,050 hectares), target scale mapping, IP & PDP surveys and drilling (in aggregate of 500 meters).

5. *Private jet management services*

In order to broaden the Group's revenue base, a new line of business in provision of private jet management was commenced by the Group during the Financial Year. An indirect 90%-owned subsidiary was established in May 2018 to carry on the business of providing private jet management, flight support and related services. The minority shareholder of this subsidiary is an independent third party who owns the necessary technical expertise and experience in carrying on similar business. The capital contribution to this new line of business was HK$9.0 million and it was satisfied by the internal resources of the Group. An initial aircraft management contract was signed in mid-June 2018 for a duration of one year.

Financial Review

1. *Results Analysis*

During the Financial Year, the Group's revenue increased to HK$30.4 million (2017: HK$22.2 million). Around 79.8% of the Group's revenue was generated from the NSPS business segment (2017: 89.6%). Due to the rental contribution from the newly acquired commercial properties in last and current financial years, around 18.2% of the Group's revenue was contributed from the property investment sector (2017: 10.4%)

Other losses were mainly arising from non-recurring incidents. They referred to impairment of goodwill and losses on disposal of held-to-maturity financial assets.

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 2018 increased by approximately 134.6% to HK$350.0 million (2017: HK$149.2 million). The net increase in carrying values comprised of (i) acquisition costs of a commercial property acquired during the Financial Year of HK$154.7 million (including directly attributable acquisition costs); (ii) fair value gains on investment properties of HK$45.5 million (2017: HK$5.2 million) and (iii) gain on currency translation of HK$0.7 million (2017: Loss HK$0.3 million) on our investment properties in China.

The employee benefit expenses included share-based payment of approximately HK$0.5 million in relation to share options granted in June 2018 (2017: HK$12.4 million). Apart from it, there were no significant changes in the monetary amounts for other employee benefit expenses.

There was a marked decrease in other expenses during the Financial Year. There was no share-based payment recognized in the Financial Year in respect of share options granted to eligible participant other than Directors and employees of the Company (2017: HK$9.3 million).

2. *Liquidity and Financial Resources*

As at 30 June 2018, the capital and reserves attributable to the shareholders of the Company was HK$515.3 million (2017: HK$497.5 million).

In 2017, the Company completed a rights issue of 1,295,919,446 ordinary shares of HK$0.1 each at a subscription price of HK$0.18 each (the "**Rights Issue**"). The net proceeds from the Rights Issue amounted to approximately HK$227.4 million (the "**Rights Issue Proceeds**"). Amongst which approximately HK$7.9 million had been utilized in last financial year. The breakdown of the Company's actual use of the Rights Issue Proceeds during the Financial Year was as follows:

Proposed use of the Rights Issue Proceeds	*HK$' million*	**Actual use of the Rights Issue Proceeds**	*HK$'million*
General working capital	64.2	General working capital for settlement of corporate expenses, mineral exploration expenses and yacht building costs	46.8
Acquisition of investment properties	155.3	Acquisition of an investment property	154.7
Total	219.5		201.5

The above mentioned use is consistent with the intended use of the Rights Issue Proceeds as disclosed in the prospectus and announcement of the Company dated 6 March 2017 and 12 July 2017 respectively. The balance of the Rights Issue Proceeds as at 30 June 2018 was approximately HK$18.0 million and the Company had no present intention to change its intended use in general working capital.

As at 30 June 2018, the Group had no bank or other borrowings (2017: nil).

3. Goodwill Impairment

At the end of the Financial Year, the Company had performed an impairment assessment for the goodwill relating to the NSPS segment. It was concluded that the recoverable amount of the NSPS segment as at 30 June 2018 was well below its carrying amount. Accordingly, a full impairment of the goodwill of HK$3.3 million (2017: nil) was recognized in the other losses.

4. Held-to-maturity financial assets

The held-to-maturity financial assets referred to two corporate bonds acquired in 2016. Both of them were disposed of during the Financial Year and a resulting loss on disposal of HK$1.4 million (2017: nil) was recognized in the other losses. For details, please refer to the Company's announcements dated 10 April 2018 and 16 April 2018 respectively.

5. Gearing

The Group had no gearing as at 30 June 2018 (2017: nil).

6. 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.

7. Contingent Liabilities

As at 30 June 2018, the Group did not have material contingent liabilities (2017: nil).

Business Outlook & Development

For the NSPS division, the total contract on hand as at 30 June 2018 was HK$11.2 million. Among this total contract sum, approximately HK$7.8 million belongs to the project services and the rest belongs to the sales of telecom and enterprise solutions. In order to explore new market opportunities, the management of NSPS is proactively sourcing new telecom solutions for the upcoming deployment of 5G network in Hong Kong. Being one of the pioneers in offering wireless solutions to Hong Kong market, NSPS will use its strength and experience to develop the CCTV surveillance market integrated with wireless features.

The Company considers that the new aircraft management business can diversify the Group's business and broaden its revenue base. Another aircraft management contract is signed after the Financial Year and we are cautiously optimistic about the development potential of this new business segment.

According to the Half-yearly Economic Report 2018 released by the Hong Kong government, the Hong Kong economy sustained strong momentum in the first half of 2018 by riding on the robust global economy and strong external demand. However, the rising U.S. interest rates and the escalating China-U.S. trade war have dampened Hong Kong economic outlook. The Group will remain cautious to manage its existing business activities and expansion plans (if any).

EMOLUMENT POLICY

As at 30 June 2018, the Group had employed a total of 34 full-time employees (2017: 30). 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 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 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 2017 AGM. An executive Director had chaired the 2017 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 2017 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.

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 of the Group for the Financial Year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) 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 despatched 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, 28 September 2018

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