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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 2019

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 2019 (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 2019

		Year ended 30 June	
	Note	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*3*	**54,020**	30,354
Other losses, net	*5*	**(55,792)**	(2,879)
Changes in inventories of finished goods and work in progress		**(7,043)**	(6,158)
Subcontracting fees for project services		**(8,124)**	(13,209)
Direct operating costs for private jet management services		**(16,252)**	(332)
Fair value (losses)/gains on investment properties	*9*	**(6,172)**	45,468
Employee benefit expenses		**(33,256)**	(19,638)
Depreciation		**(1,028)**	(773)
Other expenses	*6*	**(23,424)**	(24,460)
(Loss)/profit before income tax		**(97,071)**	8,373

		Year ended 30 June	
	Note	**2019**	2018
		HK$'000	*HK$'000*
Income tax expense	*7*	**(89)**	(880)
(Loss)/profit for the year		**(97,160)**	7,493
(Loss)/profit attributable to:			
Owners of the Company		**(66,613)**	9,819
Non-controlling interests		**(30,547)**	(2,326)
		(97,160)	7,493
(Loss)/earnings per share attributable to owners of the Company for the year (HK cents)	*8*		
Basic (loss)/earnings per share		**(1.70)**	0.25
Diluted (loss)/earnings per share		**(1.70)**	0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(97,160)**	7,493
Other comprehensive (loss)/income		
Item that have been reclassified or may be subsequently reclassified to profit or loss:		
– Currency translation differences	**(1,278)**	676
Total comprehensive (loss)/income for the year	**(98,438)**	8,169
Attributable to:		
Owners of the Company	**(67,891)**	10,495
Non-controlling interests	**(30,547)**	(2,326)
Total comprehensive (loss)/income for the year	**(98,438)**	8,169

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**7,226**	5,153
Investment properties	*9*	**342,564**	350,012
Exploration and evaluation assets	*10*	**32,531**	69,890
Rental deposit		**75**	–
		382,396	425,055
Current assets			
Inventories	*11*	**84,301**	59,253
Trade receivables	*12*	**10,280**	12,143
Prepayments, deposits and other receivables		**9,404**	10,761
Contract assets		**6,620**	–
Cash and bank balances		**26,755**	71,921
		137,360	154,078
Total assets		**519,756**	579,133
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**39,242**	39,242
Other reserves		**490,282**	494,364
Accumulated losses		**(76,450)**	(18,326)
		453,074	515,280
Non-controlling interests		**19,204**	35,082
Total equity		**472,278**	550,362

	Note	As at 30 June 2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**2,922**	2,939
Current liabilities			
Trade payables	*13*	**3,964**	7,545
Accrued charges and other payables		**29,220**	18,287
Contract liabilities		**5,872**	–
Bank borrowings	*14*	**5,500**	–
		44,556	25,832
Total liabilities		**47,478**	28,771
Total equity and liabilities		**519,756**	579,133
Net current assets		**92,804**	128,246

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 value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 2018 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 HKFRS 1 and HKAS 28	Annual improvements 2014 – 2016 cycle
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
Amendment to HKFRS 15	Clarification to HKFRS15
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration

The impact of the adoption of HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" are disclosed in Note 2(c) below.

Apart from aforementioned HKFRS 9 and HKFRS 15, the other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

(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 2018 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Project	Annual improvements 2015-2017 cycle	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
Amendments to HKFRS 3 (Revised)	Definition of a business	1 January 2020
Amendments to HKAS 1 & HKAS 8	Definition of Material	1 January 2020
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 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.

Impact

Based on management's initial assessment, the adoption of HKFRS 16 in the future will result in an increase in the right-of-use assets and the lease liabilities, which is expected to result in an increase in both assets and liabilities in the consolidated balance sheet. The adoption will also front-load the expense recognition in the consolidated income statement over the period of the leases, as a result of the combination of the interest expenses arising from the lease liabilities and the amortisation of the right-of-use assets as compared to the rental expenses under existing standard.

The overall impact on profit before income tax will not be affected significantly, except interest expense on lease liability will be included in "finance costs", which are currently a part of rental expenses recognised. The payment for lease liability will be mostly reflected in financing cash flow, with the interest portion recognised as interests paid.

Date of adoption by Group

The Group will apply the standard from 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured at the amount of the lease liability on 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.

(c) Change in accounting policies

This note explains the impact of the adoption of HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" on the Group's consolidated financial statement.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated statement of financial position as at 30 June 2018, but are recognised in the opening consolidated statement of financial position on 1 July 2018.

(i) HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

Classification and measurement

On 1 July 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories, i.e. those to be measured at amortised cost.

The adoption of such new standard does not have significant impact of the classification and measurement of financial instruments of the Group.

Impairment of financial assets

The Group's financial assets carried at amortised cost are subject to HKFRS 9's new expected credit loss model.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of financial assets.

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For other receivables, management considers that their credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is immaterial.

Trade receivables

The Group applies the simplified approach to measure the expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables and amounts due from associates as at 1 July 2018.

Impairment losses on trade receivables is presented within operating profit from 1 July 2018.

(ii) *HKFRS 15 Revenue from Contracts with Customers*

HKFRS 15 replaces HKAS 18 Revenue, which resulted in changes in accounting policies that relate to timing of revenue recognition and presentation of contract liabilities.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

As a result of the changes in the Group's accounting policies, certain reclassifications are not reflected in the consolidated balance sheet as at 30 June 2018, but are recognised in the opening consolidated balance sheet on 1 July 2018.

The following table shows the adjustment recognised for individual line item. Line items that were not affected by the changes have not been included.

The impact of the reclassifications are as follows:

	Unbilled accounts receivables *HK$'000*	**Contract assets** *HK$'000*
Closing balance as at 30 June 2018 – HKAS 18	1	–
Reclassifying unbilled accounts receivables to contract assets	(1)	1
Opening balance as at 1 July 2018 – HKFRS 15	–	1

	Receipts in advance *HK$'000*	Contract liabilities *HK$'000*
Closing balance as at 30 June 2018 – HKAS 18	4,764	–
Reclassifying receipt in advance to contract liabilities	(4,764)	4,764
Opening balance as at 1 July 2018 – HKFRS 15	–	4,764

As at 30 June 2019, contract assets of HK$6,620,000 represented unbilled accounts receivables in respect of sales contracts and contract liabilities of HK$5,872,000 represented receipt in advance from customers. As at 30 June 2018, these items were included in prepayments, deposits and other receivables, and accruals and other payables respectively.

3. REVENUE

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

	2019 ***HK$'000***	2018 *HK$'000*
Network solutions and project services fee	**19,831**	24,237
Rental income	**6,124**	5,528
Private jet management services income	**28,065**	589
	54,020	30,354

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 2019

	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*
Segment revenue	**19,831**	**6,124**	**–**	**–**	**28,065**	**54,020**
Segment results	**3,935**	**5,130**	**–**	**–**	**11,814**	**20,879**
Depreciation of property, plant and equipment	**(103)**	**–**	**(36)**	**(225)**	**(255)**	**(619)**
Fair value losses on investment properties	**–**	**(6,172)**	**–**	**–**	**–**	**(6,172)**
Impairment loss on exploration and evaluation assets	**–**	**–**	**–**	**(56,603)**	**–**	**(56,603)**
Unallocated expenses *(Note a)*						**(54,807)**
Interest income						**251**
Loss before income tax						**(97,071)**
Other segment information:						
Capital expenditure *(Note b)*	**14**	**–**	**–**	**20,752**	**–**	**20,766**
Unallocated capital expenditure						**1,665**
						22,431

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 and exploration and evaluation assets.

The segment revenue and results 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*
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.

Segment Assets

For the year ended 30 June 2019

	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	**10,170**	**342,958**	**86,452**	**33,301**	**11,591**	**484,472**
Unallocated:						
Cash and bank balances						**26,755**
Other unallocated assets						**8,529**
Consolidated total assets						**519,756**

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	1,335	501,762
Unallocated:						
Cash and bank balances						71,921
Other unallocated assets						5,450
Consolidated total assets						579,133

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	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**312,066**	317,253	**53,692**	29,700
Mainland China	**37,164**	37,642	**328**	654
Mongolia	**33,166**	70,160	**–**	–
	382,396	425,055	**54,020**	30,354

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$33,738,000 (2018: HK$14,084,000) is derived from three (2018: a single) largest customers who accounted for 10% or more of the Group's revenue. The revenue is attributable to the segment of network solutions and project services and private jet management services in Hong Kong.

5. OTHER LOSSES, NET

	2019	2018
	HK$'000	*HK$'000*
Interest income	**251**	1,871
Gain on disposal of subsidiaries	**560**	–
Impairment loss of goodwill	**–**	(3,334)
Impairment loss on exploration and evaluation assets	**(56,603)**	–
Loss on disposal of held-to-maturity financial assets	**–**	(1,416)
	(55,792)	(2,879)

6. OTHER EXPENSES

Other expenses included the followings:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**1,500**	1,480
– Non-audit services	**325**	24
Direct operating expenses from investment properties that generate rental income	**1,242**	959
Exchange losses – net	**162**	358
Operating lease rentals for land and buildings	**3,538**	2,332
Legal and professional fee	**4,010**	3,704
Reimbursement of sharing of administrative services	**6,245**	8,798

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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.

	2019	2018
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax	**107**	21
– Over-provision in prior year	**–**	(10)
Deferred tax		
– Origination of temporary differences	**(18)**	869
Total income tax expense	**89**	880

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2019	2018
(Loss)/profit attributable to owners of the Company (HK$'000)	**(66,613)**	9,819
Weighted average number of ordinary shares in issue (in thousands)	**3,924,190**	3,909,678
Basic (loss)/earnings per ordinary share (HK cents)	**(1.70)**	0.25

(b) Diluted

Diluted (loss)/earnings 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.

	2019	2018
(Loss)/profit attributable to owners of the Company (HK$'000)	**(66,613)**	9,819
Weighted average number of ordinary shares in issue (in thousands)	**3,924,190**	3,909,678
Adjustment for share options (in thousands)	**–**	70,575
Weighted average number of ordinary shares for diluted (loss)/ earnings per ordinary share (in thousands)	**3,924,190**	3,980,253
Diluted (loss)/earnings per ordinary share (HK cents)	**(1.70)**	0.25

During the year ended 30 June 2019, 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

	2019	2018
	HK$'000	*HK$'000*
At beginning of the year	**350,012**	149,175
Additions	**–**	154,694
Fair value (losses)/gains on investment properties	**(6,172)**	45,468
Currency translation differences	**(1,276)**	675
At end of the year	**342,564**	350,012

Amounts recognised in profit and loss for investment properties

	2019	2018
	HK$'000	*HK$'000*
Rental income	**6,124**	5,528
Direct operating expenses from properties that generated rental income	**(1,242)**	(959)
	4,882	4,569

The Group's investment properties were valued at 30 June 2019 by independent professionally qualified valuers, Roma Appraisals Limited (2018: APAC Appraisal and Consulting 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 licences 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.

	2019	2018
	HK$'000	*HK$'000*
At beginning of the year	**69,890**	57,267
Additions	**20,161**	12,623
Acquisition of a subsidiary	**48,792**	–
Disposal of subsidiaries	**(49,709)**	–
Impairment loss *(Note)*	**(56,603)**	–
At end of the year	**32,531**	69,890

Note:

In November 2018, the management assessed the exploration results on two of the four existing exploration sites and concluded there was no economic justification for further investment. Accordingly, the Group returned two exploration licences to the Mongolian Government.

In June 2019, the Group further assessed the latest exploration results and surrendered one exploration licence to the Mongolian Government. The surrendered licence is subject to fulfilment of certain administrative conditions required by the Mongolian Government.

During the year ended 30 June 2019, the Group recognised an impairment loss of HK$56.6 million in respect of returning two exploration licences and surrendering one licence to the Mongolian Government.

As at 30 June 2019, the Group held one exploration licence.

11. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Raw materials	**–**	694
Work in progress	**84,077**	57,990
Finished goods	**224**	569
	84,301	59,253

12. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**10,280**	12,143

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:

	2019	2018
	HK$'000	*HK$'000*
1 – 30 days	**8,998**	9,903
31 – 60 days	**408**	622
61 – 90 days	**685**	58
Over 90 days	**189**	1,560
	10,280	12,143

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables. There is no significant impact of loss allowance as at 1 July 2018 for these receivables.

13. TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**2,301**	2,843
31 – 60 days	**382**	610
61 – 90 days	**447**	342
91 – 180 days	**834**	3,750
	3,964	7,545

The carrying amounts of trade payables approximate their fair values.

14. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Secured:		
Bank loan – within 1 year	**5,500**	–

The bank loan is secured by first legal charge over the Group's investment properties regarding to an office premise and two car parking spaces located at Wan Chai. The interest rate is charged at 1.8% per annum over HIBOR or 0.5% per annum over cost of fund of the bank, whichever is higher.

15. 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 2019 amounted to HK$12,490,000 (2018: HK$12,507,000). 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$6,370,000 (2018: HK$6,378,000).

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

	2019	2018
	HK$'000	*HK$'000*
Exploration drilling	**18,997**	9,294
Yacht building	**2,048**	6,280
	21,045	15,574

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2018: 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 2019 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 2019 (2018 Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on 26 November 2019. 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 Thursday, 21 November 2019 to Tuesday, 26 November 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The achieved annual revenue was HK$19.8 million (2018: HK$24.2 million) representing a decrease of approximately 18.2% from last financial year.

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$6.0 million (2018: HK$4.5 million);

(ii) Enterprise solutions was HK$2.7 million (2018: HK$3.3 million);

(iii) Project services was HK$9.8 million (2018: HK$15.3 million); and

(iv) Systems maintenance was HK$1.3 million (2018: HK$1.1 million)

The poor performance of NSPS was expected. Same as previous years, the business of NSPS was deeply affected by the persisting keen market competition. Besides, the prolonged trade war between China and the United States has dampened market sentiment in Hong Kong. NSPS approached various potential clients during the Financial Year but most of them became fruitless exercises. We noted that a majority of potential clients were adopting wait and see approach to tackle the uncertain business outlook. In response to the current difficulty, the management of NSPS has implemented certain interim measures to trim down operating costs including headcount reduction and a short term pay cut for senior staff.

2. Property Investment

The policy of the Group's investment properties is holding to earn rentals and/or for capital appreciation. The management will review the Group's property portfolio from time to time in order to achieve this policy.

At the end of the Financial Year, all the investment properties were rented out except for the following:

(a) House No. 2B, Beijing Riviera, Beijing, PRC
Certain necessary renovation works were carried out and completed during the Financial Year. A property agent in Beijing is appointed to source a suitable new tenant;

(b) Office Unit 1002, Jinyun Building, Beijing, PRC
A new tenancy agreement effective from August 2019 was signed after the Financial Year; and

(c) 17/F., Henan Building, Hong Kong
Some minor revocation works were completed after the Financial Year. According to the latest Hong Kong Property Review issued by the Hong Kong Rating and Valuation Department, the vacancy as at 31 December 2018 for Grade B offices reduced to 252,300 square meters, i.e. a vacancy rate of 9.0% of the total Grade B stock. However, 34% of the vacant spaces were found in the core districts. Against this backdrop, we still have a preference for a single tenant to rent the whole floor.

3. Yacht Construction and Trading

During the Financial Year, the building team was concentrating in the interior decoration works. A defaulting contractor who was responsible to provide installation work of a propeller with tailor made stern axle shaft and supporting v-brackets, engines and their gearboxes and other relating installation work was replaced by a new contractor during the Financial Year. The related installation works will be delayed to the third quarter of 2019.

4. Exploration and Evaluation of Mineral Resources

FVSP LLC ("**FVSP**"), a 51% owned indirect subsidiary, had surrendered a total of three exploration licenses to the Mongolian government during the Financial Year as they displayed no further economic potential after years of geological studies, prospecting and exploration exercises. Reasons for the surrenders of these licenses were detailed in our announcements on 19 November 2018 and 21 June 2019. Currently, FVSP still holds one exploration license 13593 with an area of approximately 50,360 hectares.

The 2018 exploration program on this remaining license was focused on, among others, gold-silver and poly-metallic (gold-silver-copper-lead-zinc) mineral belt revealed in previous prospecting and drilling exercises. The length and the width of the mineral belt are approximately 12 kilometers and 2.5 kilometers respectively and the area is around 30 squared kilometers. The same array results from its 2018 exploration program provided a good ground and supporting evidence to perform detailed prospecting and exploration in 2019. Three target areas are identified for focal studies.

Under the Minerals Law of Mongolia, mineral exploration license are granted for an initial period of three years and may be extended for three successive additional periods of three-year each, making twelve years in total. As the exploration license 13593 was granted in 2008 and will be expired in April 2020, the main focus of the 2019 exploration plan is to gather concrete geographical evidence to support the application of a mining license in 2020 (if practical). The 2019 exploration budget is approximately US$6.2 million (equivalent to HK$48.4 million) and covers the following key areas:

(a) Resources definition drilling;

(b) Exploration drilling and trenching;

(c) Laboratory analysis;

(d) Expert for preparation of technical report (budgeted item but pending the actual outcome from field study); and

(e) Exploration license annual fee for 2019 and mining license application fee in 2020 (budgeted item but pending the actual outcome from field study)

Under the Minerals Law, a mining license may be issued only if the project has some measured or indicated resources and the project feasibility, environment assessment and impact studies can conclude an economically potential development of the project and satisfied by the Mongolian government. Our exploration drilling exercise is expected to complete in the fourth quarter of 2019. Thereafter, our geology team will initiate a detailed review on the drilling results.

As disclosed in the 2018/19 interim report, the Group had completed the acquisition of 51% equity interest in a sino-foreign equity joint venture (the "**JV**"). The major asset of the JV was an exploration license for graphite (the "**Exploration License**"). Shortly after the completion of the acquisition of the JV, it came to notice of the Group that an ownership dispute arose under a legal claim regarding the Exploration License. A claimant unrelated to JV parties filed a writ in the local People's court against the JV claiming, among others, that (i) the claimant had the ownership right on the Exploration License; (ii) the JV was in breach of a joint exploration agreement with the claimant in respect of the exploration area under the Exploration License; and (iii) damages of RMB10,000,000.

In view of the existence of a legal claim, the Group neither settled the purchase consideration nor made contribution to the unpaid registered capital. The original purpose of the acquisition of 51% interest in the JV was to jointly and cooperatively explore graphite resources prospect within the license area with the Chinese shareholders. The principal asset of the JV was the indisputable ownership and right to conduct exploration over the license area under the Exploration License. The emergence of claim on the title to the Exploration License would pose the principal asset at risk, and subject the JV to uncertain prospect. Besides, we consulted a PRC lawyer and he advised that the litigation process might take years before the PRC court could give a final verdict on the subject matter, and this would prolong and affect the business plan of the Group, and consumed the Group's resources in handling the litigation. By taking the above factors into account, the Group determined to withdraw its future venture under the JV since it was only at a preliminary stage. The Group disposed of all interest in the JV at a nominal consideration in May 2019 to an independent third party. Under the disposal agreement, the new buyer should take up the responsibilities of the Group as equity holder and to indemnify any loss and damage of the Group which might suffer as a result of transfer of the relevant equity interest in the JV. Save for some administrative expenses on pre-acquisition works incurred by the Group, the Group had not incurred any material loss.

5. Private Jet Management Services

The Group has expanded its business to private jet management services since May 2018 with an aim to fill a service gap where other management companies in the same industry are not providing in Greater China and South East Asia. The Group believes a small boutique-style management services company is capable of offering a more flexible and highly customizable round-the-clock service that caters to the individual needs of our clients. Our compact company size allows it to be more nimble and efficient, and hence the internal communication between different departments can be highly effective and direct.

After a whole year's operation, our corporate strategy continues to bear fruit. At the end of the Financial Year, there were five private jets under aircraft management contracts. In addition, we were also providing ad hoc operational support services to another two aircrafts.

Financial Review

1. Results Analysis

During the Financial Year, the Group's revenue increased to HK$54.0 million (2018: HK$30.4 million). Around 52.0% (2018: 1.9%) of the Group's revenue was generated from the newly established private jet management services. The Group's traditional core business of NSPS was dropped to 36.7% (2018: 79.9%) and the remaining was generated by property investment of 11.3% (2018: 18.2%).

The huge surge in other loss was due to the loss in association with the surrender of three exploration licenses without further development potential to the Mongolian Government during the Financial Year. The impairment loss of exploration and evaluation assets was HK$56.6 million (2018: Nil).

The fair values of the Group's investment properties at the end of the Financial Year were valued by an independent qualified valuer. The net decrease in carrying values consisted of (i) fair value loss on investment properties of HK$6.2 million (2018: fair value gain of HK$45.5 million) and (ii) loss on currency translation of HK$1.3 million on our investment properties in China (2018: gain of HK$0.7 million).

The increase of employee benefit expenses was due to (i) increase in total number of employees as a result of the new business of private jet management services; and (ii) share based payment expenses of HK$5.7 million (2018: HK$0.5 million) recognized in respect of share options granted on 19 June 2018 where related vesting period fell within the Financial Year.

2. *Liquidity and Financial Resources*

As at 30 June 2019, the capital and reserves attributable to the shareholders of the Company was HK$453.1 million (2018: HK$515.3 million).

In 2017, the Company completed a rights issue of 1,295,919,446 shares of HK$0.1 each at a subscription price of HK$0.18 each (the "**Rights Issue**"). The balance of unused Rights Issue proceeds as at 30 June 2018 was approximately HK$18.0 million and they were fully utilized during the Financial Year as general working capital for settlement of corporate expenses, mineral exploration and yacht building costs. The aforementioned uses are 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 Group had a short term revolving bank loan facility totaling HK$38.0 million as at 30 June 2019 (2018: Nil), of which HK$5.5 million (2018: Nil) had been drawn and outstanding. The bank loan facility is secured against an office premise and two parking spaces under the Group's investment properties portfolio.

3. *Gearing Ratio*

As at 30 June 2019, the gearing ratio of the Group was 1.1% (2018: No gearing) which was calculated based on the Group's total borrowings to total assets.

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 2019, the Group did not have material contingent liabilities (2018: Nil).

Business Outlook and Development

In the foreseeable future, we believe the business for NSPS will remain stagnant and subject to a lot of challenges. The management of NSPS is striving to maintain its business at current level. As at 30 June 2019, the total contract on hand was HK$11.6 million. Among this total contract sum, approximately HK$9.8 million belonged to the project services and the rest mainly belonged to the sales of telecom solutions and enterprise solutions.

The establishment of a management company in last year to provide private jet management services fulfills our goal to broaden the Group's revenue base. The management company is positioned as a boutique-style company so we have the patience to grow its business organically.

The near-term outlook for the Hong Kong economy is clouded by various factors including Sino-US trade tensions and the social unrest in Hong Kong. The next financial year will be full of challenges and uncertainties. The Group will adopt a much more prudent approach to develop its business activities.

EMOLUMENT POLICY

As at 30 June 2019, the Group had employed a total of 39 full-time employees (2018: 34) 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 the sustainable development of the Group. The Board also believes that good corporate governance practices can facilitate 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 separate 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 Independent 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 Company's articles of association (the "**Articles**"). 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 the Articles, any newly appointed Directors shall hold office only until the next AGM and shall then be eligible for re-election at that meeting. Furthermore, the Director re-election process participating by the shareholders in 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 2018 AGM. An executive Director had chaired the 2018 AGM and answered shareholders' questions. 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 2018 AGM.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by the Directors (the "**Code**"), 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**"). The Code is sent to each Director on his/her initial appointment and from time to time when the same is amended or restated.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees' Guidelines**") for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company. To date, no incident of non-compliance with the Employees' Guidelines by the employees was noted by the Company.

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, 25 September 2019

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.