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## VISION VALUES HOLDINGS LIMITED 遠見控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 862)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

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 2020 (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 2020*

|                                                               | <i>Note</i> | <b>Year ended 30 June</b> |                 |
|---------------------------------------------------------------|-------------|---------------------------|-----------------|
|                                                               |             | <b>2020</b>               | 2019            |
|                                                               |             | <b>HK\$'000</b>           | <b>HK\$'000</b> |
| Revenue                                                       | 3           | <b>64,895</b>             | 54,020          |
| Other losses, net                                             | 5           | <b>(17,823)</b>           | (55,852)        |
| Changes in inventories of finished goods and work in progress |             | <b>(2,912)</b>            | (7,043)         |
| Subcontracting fees for project services                      |             | <b>(11,569)</b>           | (8,124)         |
| Direct operating costs for private jet management services    |             | <b>(25,732)</b>           | (16,252)        |
| Fair value losses on investment properties                    | 10          | <b>(40,190)</b>           | (6,172)         |
| Employee benefit expenses                                     |             | <b>(51,441)</b>           | (33,256)        |
| Depreciation                                                  |             | <b>(2,546)</b>            | (1,028)         |
| Other expenses                                                | 7           | <b>(21,098)</b>           | (23,600)        |
| Operating loss                                                |             | <b>(108,416)</b>          | (97,307)        |
| Finance income                                                | 6           | <b>63</b>                 | 251             |
| Finance costs                                                 | 6           | <b>(1,382)</b>            | (15)            |
| <b>Loss before income tax</b>                                 |             | <b>(109,735)</b>          | (97,071)        |
| Income tax expense                                            | 8           | <b>(454)</b>              | (89)            |
| <b>Loss for the year</b>                                      |             | <b>(110,189)</b>          | (97,160)        |

|                                                             | <i>Note</i> | <b>Year ended 30 June</b> |                        |
|-------------------------------------------------------------|-------------|---------------------------|------------------------|
|                                                             |             | <b>2020</b>               | <b>2019</b>            |
|                                                             |             | <b><i>HK\$'000</i></b>    | <b><i>HK\$'000</i></b> |
| <b>Loss attributable to:</b>                                |             |                           |                        |
| <b>Owners of the Company</b>                                |             | <b>(108,328)</b>          | <b>(66,613)</b>        |
| <b>Non-controlling interests</b>                            |             | <u><b>(1,861)</b></u>     | <u><b>(30,547)</b></u> |
|                                                             |             | <u><b>(110,189)</b></u>   | <u><b>(97,160)</b></u> |
| <b>Loss per share attributable to owners of the Company</b> |             |                           |                        |
| <b>for the year (HK cents)</b>                              | <b>9</b>    |                           |                        |
| <b>Basic loss per share</b>                                 |             | <u><b>(2.76)</b></u>      | <u><b>(1.70)</b></u>   |
| <b>Diluted loss per share</b>                               |             | <u><b>(2.76)</b></u>      | <u><b>(1.70)</b></u>   |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                                                         | Year ended 30 June      |                        |
|-----------------------------------------------------------------------------------------|-------------------------|------------------------|
|                                                                                         | 2020                    | 2019                   |
|                                                                                         | <i>HK\$'000</i>         | <i>HK\$'000</i>        |
| Loss for the year                                                                       | (110,189)               | (97,160)               |
| <b>Other comprehensive loss</b>                                                         |                         |                        |
| Item that have been reclassified or may be subsequently reclassified to profit or loss: |                         |                        |
| – Currency translation differences                                                      | <u>(1,309)</u>          | <u>(1,278)</u>         |
| Total comprehensive loss for the year                                                   | <u><b>(111,498)</b></u> | <u><b>(98,438)</b></u> |
| <b>Attributable to:</b>                                                                 |                         |                        |
| Owners of the Company                                                                   | (109,637)               | (67,891)               |
| Non-controlling interests                                                               | <u>(1,861)</u>          | <u>(30,547)</u>        |
| Total comprehensive loss for the year                                                   | <u><b>(111,498)</b></u> | <u><b>(98,438)</b></u> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                                   |      | As at 30 June         |                       |
|-------------------------------------------------------------------|------|-----------------------|-----------------------|
|                                                                   | Note | 2020                  | 2019                  |
|                                                                   |      | HK\$'000              | HK\$'000              |
| <b>ASSETS</b>                                                     |      |                       |                       |
| <b>Non-current assets</b>                                         |      |                       |                       |
| Property, plant and equipment                                     |      | 6,752                 | 7,226                 |
| Right-of-use assets                                               |      | 1,089                 | –                     |
| Investment properties                                             | 10   | 301,070               | 342,564               |
| Exploration and evaluation assets                                 | 11   | 53,785                | 32,531                |
| Rental deposit                                                    |      | –                     | 75                    |
|                                                                   |      | <u>362,696</u>        | <u>382,396</u>        |
| <b>Current assets</b>                                             |      |                       |                       |
| Inventories                                                       | 12   | 84,110                | 84,301                |
| Trade receivables                                                 | 13   | 5,814                 | 10,280                |
| Prepayments, deposits and other receivables                       |      | 9,247                 | 9,404                 |
| Contract assets                                                   |      | 3,897                 | 6,620                 |
| Cash and bank balances                                            |      | 15,940                | 26,755                |
|                                                                   |      | <u>119,008</u>        | <u>137,360</u>        |
| <b>Total assets</b>                                               |      | <u><b>481,704</b></u> | <u><b>519,756</b></u> |
| <b>EQUITY</b>                                                     |      |                       |                       |
| <b>Capital and reserves attributable to owners of the Company</b> |      |                       |                       |
| Share capital                                                     |      | 39,242                | 39,242                |
| Other reserves                                                    |      | 489,616               | 490,282               |
| Accumulated losses                                                |      | (164,029)             | (76,450)              |
|                                                                   |      | <u>364,829</u>        | <u>453,074</u>        |
| Non-controlling interests                                         |      | <u>28,290</u>         | <u>19,204</u>         |
| <b>Total equity</b>                                               |      | <u><b>393,119</b></u> | <u><b>472,278</b></u> |

|                                     |             | <b>As at 30 June</b> |                 |
|-------------------------------------|-------------|----------------------|-----------------|
|                                     | <i>Note</i> | <b>2020</b>          | 2019            |
|                                     |             | <b>HK\$'000</b>      | <b>HK\$'000</b> |
| <b>LIABILITIES</b>                  |             |                      |                 |
| <b>Non-current liabilities</b>      |             |                      |                 |
| Deferred income tax liabilities     |             | <u>2,951</u>         | <u>2,922</u>    |
| <b>Current liabilities</b>          |             |                      |                 |
| Trade payables                      | 14          | 1,468                | 3,964           |
| Accrued charges and other payables  |             | 31,711               | 29,220          |
| Contract liabilities                |             | 4,599                | 5,872           |
| Bank borrowings                     | 15          | 38,000               | 5,500           |
| Advances from a Director            |             | 8,732                | –               |
| Lease liabilities                   |             | <u>1,124</u>         | <u>–</u>        |
|                                     |             | <u>85,634</u>        | <u>44,556</u>   |
| <b>Total liabilities</b>            |             | <u>88,585</u>        | <u>47,478</u>   |
| <b>Total equity and liabilities</b> |             | <u>481,704</u>       | <u>519,756</u>  |
| <b>Net current assets</b>           |             | <u>33,374</u>        | <u>92,804</u>   |

## 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 interpretation to existing standards adopted by the Group*

The following amendments to standards are mandatory for the accounting period beginning on 1 July 2019 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 Annual Improvements Project | Annual improvements 2015-2017 cycle                  |
| Amendments to HKFRS 9                     | Prepayment features with negative compensation       |
| Amendments to HKAS 19                     | Plan amendment, curtailment or settlement            |
| Amendments to HKAS 28                     | Long-term interests in associates and joint ventures |
| HKFRS 16                                  | Leases                                               |
| HK(IFRIC)-Int 23                          | Uncertainty over income tax treatments               |

The Group changed its accounting policies for leases with effect from 1 July 2019 following the adoption of HKFRS 16 “Leases” (“**HKFRS 16**”) as disclosed in Note 2(c) below. All other amendments to standards and interpretation listed above do not have significant effect on the Group’s accounting policies.

**(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 2019 and have not been early adopted by the Group:

|                                                      |                                                                                          | <b>Effective for<br/>annual periods<br/>beginning on<br/>or after</b> |
|------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Amendments to HKFRS 3                                | Definition of a business                                                                 | 1 July 2020                                                           |
| Conceptual Framework for<br>Financial Reporting 2018 | Revised conceptual framework for financial<br>reporting                                  | 1 July 2020                                                           |
| Amendments to HKAS 1 and<br>HKAS 8                   | Definition of Material                                                                   | 1 July 2020                                                           |
| Amendments to HKAS 39,<br>HKFRS 7 and HKFRS 9        | Hedge accounting                                                                         | 1 July 2020                                                           |
| HKFRS 17                                             | Insurance contracts                                                                      | 1 July 2021                                                           |
| Amendments to HKFRS 10 and<br>HKAS 28                | Sale or contribution of assets between an<br>investor and its associate or joint venture | <i>Note</i>                                                           |

*Note:* To be announced by HKICPA

None of the above new standards and amendments to standards is expected to have a material impact on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

**(c) Change in accounting policies**

The following explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements. As indicated in Note 2(a) above, the Group has adopted HKFRS 16 from 1 July 2019, but has not restated comparatives as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.2%.

(i) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following recognition exemptions and practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- exempting operating leases for which the underlying assets are of low value;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”.

(ii) *Measurement of lease liabilities*

|                                                                                             | <i>HK\$'000</i>     |
|---------------------------------------------------------------------------------------------|---------------------|
| Operating lease commitments disclosed as at 30 June 2019                                    | <u>3,117</u>        |
| Discounted using the lessee’s incremental borrowing rate at the date of initial application | 3,017               |
| Less: short-term leases not recognised as a liability                                       | <u>(388)</u>        |
| <b>Lease liability recognized as at 1 July 2019</b>                                         | <b><u>2,629</u></b> |
| Of which are:                                                                               |                     |
| – Current lease liabilities                                                                 | 1,555               |
| – Non-current lease liabilities                                                             | <u>1,074</u>        |
|                                                                                             | <b><u>2,629</u></b> |

(iii) *Measurement of right-of-use assets*

The associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Right-of-use assets recognised upon the date of initial application were measured at the amount equal to the lease liabilities.

The recognised right-of-use assets relate to the following types of assets:

|                 | <b>As at 30 June<br/>2020<br/>HK\$'000</b> | <b>As at 1 July<br/>2019<br/>HK\$'000</b> |
|-----------------|--------------------------------------------|-------------------------------------------|
| Office premises | <b><u>1,089</u></b>                        | <b><u>2,629</u></b>                       |

(iv) *Adjustments recognised on the adoption of HKFRS 16*

Changes in accounting policies affected the following items in the consolidated balance sheet on 1 July 2019:

**Consolidated balance sheet (extract)**

|                                | <b>As at<br/>30 June 2019<br/>as originally<br/>presented<br/>HK\$'000</b> | <b>Effects of the<br/>adoption of<br/>HKFRS 16<br/>HK\$'000</b> | <b>As at<br/>1 July 2019<br/>Restated<br/>HK\$'000</b> |
|--------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------|
| <b>Non-current assets</b>      |                                                                            |                                                                 |                                                        |
| Right-of-use assets            | —                                                                          | 2,629                                                           | 2,629                                                  |
| <b>Current liabilities</b>     |                                                                            |                                                                 |                                                        |
| Lease liabilities              | —                                                                          | (1,555)                                                         | (1,555)                                                |
| <b>Non-current liabilities</b> |                                                                            |                                                                 |                                                        |
| Lease liabilities              | —                                                                          | (1,074)                                                         | (1,074)                                                |

(v) *Lessor accounting*

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

### 3. REVENUE

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

|                                            | 2020<br>HK\$'000     | 2019<br>HK\$'000     |
|--------------------------------------------|----------------------|----------------------|
| Private jet management services income     | 40,074               | 28,065               |
| Network solutions and project services fee | 18,197               | 19,831               |
| Rental income                              | <u>6,624</u>         | <u>6,124</u>         |
|                                            | <u><b>64,895</b></u> | <u><b>54,020</b></u> |

Revenue of HK\$5,872,000 was recognised for the year ended 30 June 2020 (2019: HK\$4,764,000) related to carried-forward contract liabilities that were satisfied in prior year.

### 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 2020**

|                                               | Network<br>solutions<br>and project<br>services<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Yacht<br>building<br><i>HK\$'000</i> | Minerals<br>exploration<br><i>HK\$'000</i> | Private jet<br>management<br>services<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|-----------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------------|----------------------------------------------------------|--------------------------|
| Segment revenue                               | <u>18,197</u>                                                      | <u>6,624</u>                              | <u>-</u>                             | <u>-</u>                                   | <u>40,074</u>                                            | <u>64,895</u>            |
| Segment results                               | <u>3,099</u>                                                       | <u>5,277</u>                              | <u>-</u>                             | <u>-</u>                                   | <u>14,342</u>                                            | 22,718                   |
| Depreciation                                  | (383)                                                              | -                                         | (15)                                 | (206)                                      | (1,649)                                                  | (2,253)                  |
| Fair value losses on investment<br>properties | -                                                                  | (40,190)                                  | -                                    | -                                          | -                                                        | (40,190)                 |
| Impairment loss on inventories                | -                                                                  | -                                         | (19,836)                             | -                                          | -                                                        | (19,836)                 |
| Unallocated expenses ( <i>Note a</i> )        |                                                                    |                                           |                                      |                                            |                                                          | (70,237)                 |
| Interest income                               |                                                                    |                                           |                                      |                                            |                                                          | <u>63</u>                |
| Loss before income tax                        |                                                                    |                                           |                                      |                                            |                                                          | <u>(109,735)</u>         |
| Other segment information:                    |                                                                    |                                           |                                      |                                            |                                                          |                          |
| – Capital expenditure ( <i>Note b</i> )       | -                                                                  | -                                         | -                                    | 21,721                                     | -                                                        | 21,721                   |
| – Unallocated capital expenditure             |                                                                    |                                           |                                      |                                            |                                                          | <u>65</u>                |
|                                               |                                                                    |                                           |                                      |                                            |                                                          | <u>21,786</u>            |

*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 2019

|                                                      | Network<br>solutions<br>and project<br>services<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Yacht<br>building<br><i>HK\$'000</i> | Minerals<br>exploration<br><i>HK\$'000</i> | Private jet<br>management<br>services<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------------|----------------------------------------------------------|--------------------------|
| Segment revenue                                      | <u>19,831</u>                                                      | <u>6,124</u>                              | <u>–</u>                             | <u>–</u>                                   | <u>28,065</u>                                            | <u>54,020</u>            |
| Segment results                                      | <u>3,935</u>                                                       | <u>5,130</u>                              | <u>–</u>                             | <u>–</u>                                   | <u>11,814</u>                                            | 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 ( <i>Note a</i> )               |                                                                    |                                           |                                      |                                            |                                                          | (54,807)                 |
| Interest income                                      |                                                                    |                                           |                                      |                                            |                                                          | <u>251</u>               |
| Loss before income tax                               |                                                                    |                                           |                                      |                                            |                                                          | <u>(97,071)</u>          |
| Other segment information:                           |                                                                    |                                           |                                      |                                            |                                                          |                          |
| – Capital expenditure ( <i>Note b</i> )              | 14                                                                 | –                                         | –                                    | 20,752                                     | –                                                        | 20,766                   |
| – Unallocated capital expenditure                    |                                                                    |                                           |                                      |                                            |                                                          | <u>1,665</u>             |
|                                                      |                                                                    |                                           |                                      |                                            |                                                          | <u>22,431</u>            |

*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.

## Segment Assets

### For the year ended 30 June 2020

|                            | Network<br>solutions<br>and project<br>services<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Yacht<br>building<br><i>HK\$'000</i> | Minerals<br>exploration<br><i>HK\$'000</i> | Private jet<br>management<br>services<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|----------------------------|--------------------------------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------------|----------------------------------------------------------|--------------------------|
| Total segment assets       | <u>6,033</u>                                                       | <u>301,716</u>                            | <u>87,354</u>                        | <u>54,770</u>                              | <u>7,816</u>                                             | 457,689                  |
| Unallocated:               |                                                                    |                                           |                                      |                                            |                                                          |                          |
| – Cash and bank balances   |                                                                    |                                           |                                      |                                            |                                                          | 15,940                   |
| – Other unallocated assets |                                                                    |                                           |                                      |                                            |                                                          | <u>8,075</u>             |
| Consolidated total assets  |                                                                    |                                           |                                      |                                            |                                                          | <u>481,704</u>           |

### For the year ended 30 June 2019

|                            | Network<br>solutions<br>and project<br>services<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Yacht<br>building<br><i>HK\$'000</i> | Minerals<br>exploration<br><i>HK\$'000</i> | Private jet<br>management<br>services<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|----------------------------|--------------------------------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------------|----------------------------------------------------------|--------------------------|
| Total segment assets       | <u>10,170</u>                                                      | <u>342,958</u>                            | <u>86,452</u>                        | <u>33,301</u>                              | <u>11,591</u>                                            | 484,472                  |
| Unallocated:               |                                                                    |                                           |                                      |                                            |                                                          |                          |
| – Cash and bank balances   |                                                                    |                                           |                                      |                                            |                                                          | 26,755                   |
| – Other unallocated assets |                                                                    |                                           |                                      |                                            |                                                          | <u>8,529</u>             |
| Consolidated total assets  |                                                                    |                                           |                                      |                                            |                                                          | <u>519,756</u>           |

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 : Minerals exploration

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

|                | Non-current assets |                | Revenue       |               |
|----------------|--------------------|----------------|---------------|---------------|
|                | 2020               | 2019           | 2020          | 2019          |
|                | HK\$'000           | HK\$'000       | HK\$'000      | HK\$'000      |
| Hong Kong      | 270,945            | 312,066        | 64,096        | 53,692        |
| Mainland China | 37,070             | 37,164         | 799           | 328           |
| Mongolia       | 54,681             | 33,166         | –             | –             |
|                | <u>362,696</u>     | <u>382,396</u> | <u>64,895</u> | <u>54,020</u> |

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\$53,885,000 (2019: HK\$33,738,000) is derived from five (2019: three) 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

|                                                                                             | 2020            | 2019            |
|---------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                             | HK\$'000        | HK\$'000        |
| Gain on disposal of subsidiaries                                                            | –               | 560             |
| Impairment loss on exploration and evaluation assets ( <i>Note 11</i> )                     | –               | (56,603)        |
| Impairment loss on work in progress in respect of yacht building segment ( <i>Note 12</i> ) | (19,836)        | –               |
| Government subsidies                                                                        | 1,078           | –               |
| Sundry income                                                                               | 935             | 191             |
|                                                                                             | <u>(17,823)</u> | <u>(55,852)</u> |

## 6. FINANCE INCOME AND COST

|                                                    | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|----------------------------------------------------|-------------------------|-------------------------|
| Finance income                                     |                         |                         |
| – Bank interest income                             | <u>63</u>               | <u>251</u>              |
| Finance costs                                      |                         |                         |
| – Interest expense on bank loans                   | (1,271)                 | (15)                    |
| – Interest expense on advances from a Director     | (32)                    | –                       |
| – Interest expenses arising from lease liabilities | <u>(79)</u>             | <u>–</u>                |
|                                                    | <u><u>(1,382)</u></u>   | <u><u>(15)</u></u>      |

## 7. OTHER EXPENSES

Other expenses included the followings:

|                                                                                  | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Auditor's remuneration                                                           |                         |                         |
| – Audit services                                                                 | 1,430                   | 1,500                   |
| – Non-audit services                                                             | 26                      | 325                     |
| Direct operating expenses from investment properties that generate rental income | 1,347                   | 1,242                   |
| Exchange losses – net                                                            | 504                     | 162                     |
| Operating lease payment                                                          | 1,852                   | 3,538                   |
| Legal and professional fee                                                       | 3,126                   | 4,010                   |
| Reimbursement of sharing of administrative services                              | <u><u>6,869</u></u>     | <u><u>6,245</u></u>     |

## 8. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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.

|                                        | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|----------------------------------------|------------------|------------------|
| Current tax                            |                  |                  |
| – Hong Kong profits tax                | 425              | 107              |
| Deferred tax                           |                  |                  |
| – Origination of temporary differences | 29               | (18)             |
| Total income tax expense               | <u>454</u>       | <u>89</u>        |

## 9. LOSS PER SHARE

### (a) Basic

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

|                                                                    | 2020             | 2019             |
|--------------------------------------------------------------------|------------------|------------------|
| Loss attributable to owners of the company (HK\$'000)              | <u>(108,328)</u> | <u>(66,613)</u>  |
| Weighted average number of ordinary shares in issue (in thousands) | <u>3,924,190</u> | <u>3,924,190</u> |
| Basic loss per ordinary share (HK cents)                           | <u>(2.76)</u>    | <u>(1.70)</u>    |

### (b) Diluted

The calculation of the diluted loss per share for the years ended 30 June 2020 and 2019 is based on the loss for the year attributable to equity holders of the Company, adjusted to assume exercise of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share option. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of share option.

During the years ended 30 June 2020 and 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.

## 10. INVESTMENT PROPERTIES

|                                            | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--------------------------------------------|-------------------------|-------------------------|
| At beginning of the year                   | 342,564                 | 350,012                 |
| Fair value losses on investment properties | (40,190)                | (6,172)                 |
| Currency translation differences           | <u>(1,304)</u>          | <u>(1,276)</u>          |
| At end of the year                         | <u><u>301,070</u></u>   | <u><u>342,564</u></u>   |

### (a) Amounts recognised in profit and loss for investment properties

|                                                                        | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| Rental income                                                          | 6,624                   | 6,124                   |
| Direct operating expenses from properties that generated rental income | <u>(1,347)</u>          | <u>(1,242)</u>          |
|                                                                        | <u><u>5,277</u></u>     | <u><u>4,882</u></u>     |

The Group's investment properties were valued at 30 June 2020 by independent professionally qualified valuers, Eidea Professional Services Company Limited (2019: Roma Appraisals 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.

## 11. EXPLORATION AND EVALUATION ASSETS

The Group owns a mineral exploration license 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.

|                                 | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| At beginning of the year        | 32,531                  | 69,890                  |
| Additions                       | 21,254                  | 20,161                  |
| Acquisition of subsidiary       | –                       | 48,792                  |
| Disposal of subsidiary          | –                       | (49,709)                |
| Impairment loss ( <i>Note</i> ) | <u>–</u>                | <u>(56,603)</u>         |
| At end of the year              | <u><u>53,785</u></u>    | <u><u>32,531</u></u>    |

*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 licenses to the Mongolian Government.

In June 2019, the Group further assessed the latest exploration results and surrendered one exploration license to the Mongolian Government.

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

As at 30 June 2020, the Group held one exploration license. Subsequent to the year end, such exploration license had been replaced by a mining license, which was issued and granted for an initial period of 30 years.

## 12. INVENTORIES

|                                  | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| Work in progress ( <i>Note</i> ) | 83,846                  | 84,077                  |
| Finished goods                   | <u>264</u>              | <u>224</u>              |
|                                  | <u><b>84,110</b></u>    | <u><b>84,301</b></u>    |

*Note:* As at 30 June 2020, the management has assessed the net realisable value of work in progress in respect of yacht building segment, taking the estimated costs to completion and the latest market prices less selling expenses into consideration. The management has engaged an independent valuer, Roma Appraisals Limited, to carry out valuation under market approach. The assessed net realisable value was below the carrying amounts of the work in progress in respect of yacht building segment. Accordingly, an impairment of HK\$19.8 million (Note 5) was recognised in consolidated statement of profit or loss for the year ended 30 June 2020.

The cost of inventories recognised as expense in the consolidated statement of profit or loss amounted to approximately HK\$2,912,000 (2019: HK\$7,043,000).

### 13. TRADE RECEIVABLES

|                   | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Trade receivables | <u>5,814</u>            | <u>10,280</u>           |

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:

|              | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 1 – 30 days  | 5,566                   | 8,998                   |
| 31 – 60 days | 190                     | 408                     |
| 61 – 90 days | –                       | 685                     |
| Over 90 days | <u>58</u>               | <u>189</u>              |
|              | <u>5,814</u>            | <u>10,280</u>           |

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

### 14. TRADE PAYABLES

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

|               | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---------------|-------------------------|-------------------------|
| 0 – 30 days   | 1,305                   | 2,301                   |
| 31 – 60 days  | 12                      | 382                     |
| 61 – 90 days  | 129                     | 447                     |
| 91 – 180 days | <u>22</u>               | <u>834</u>              |
|               | <u>1,468</u>            | <u>3,964</u>            |

The carrying amounts of the Group's trade payables approximate their fair values.

## 15. BANK BORROWINGS

|                           | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---------------------------|-------------------------|-------------------------|
| Secured:                  |                         |                         |
| Bank loan – within 1 year | <u>38,000</u>           | <u>5,500</u>            |

The bank loan is secured by the Group's investment properties in relation 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 banks, whichever is higher.

## 16. 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 2020 amounted to HK\$24,775,000 (2019: HK\$12,490,000). 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\$12,635,000 (2019: HK\$6,370,000).

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

|                        | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|------------------------|-------------------------|-------------------------|
| Exploration activities | –                       | 18,997                  |
| Yacht building         | <u>2,441</u>            | <u>2,048</u>            |
|                        | <u>2,441</u>            | <u>21,045</u>           |

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2019: 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 2020 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 2020 (2019: 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 2020. 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 Monday, 23 November 2020 to Thursday, 26 November 2020, 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 Friday, 20 November 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### 1. *Network Solutions and Project Services (“NSPS”)*

The revenue achieved by NSPS during the Financial Year was HK\$18.2 million (2019: HK\$19.8 million). A slight decrease of 8% from last corresponding year. A breakdown of the revenue from NSPS was as follows:

- (i) Telecom solutions was HK\$1.6 million (2019: HK\$6.0 million);
- (ii) Enterprise solutions was HK\$1.4 million (2019: HK\$2.7 million);
- (iii) Project services was HK\$13.8 million (2019: HK\$9.8 million); and
- (iv) System maintenance was HK\$1.4 million (2019: HK\$1.3 million)

The segment result of NSPS dropped to HK\$3.1 million (2019: HK\$3.9 million) was mainly due to the change of product mix. Sales revenue from telecom solutions dropped significantly but project services recognized a 40.8% growth in revenue. Products from telecom solutions tend to generate higher gross profit margins while profit margins for project services are relatively thin.

Since COVID-19 pandemic starting from early 2020, both the global and the local economies are seriously affected. All the commercial activities, in particular retail segment, are subject to different degree of interruption. Under this backdrop, the business of telecom solutions and enterprise solutions were badly hit. Fortunately, the growth of revenue from project services counteracted the poor performance of other product segments. The main driver of the growth of business for project services was due to the receiving of various work orders from a Hong Kong telecom operator to upgrade its 4G base stations to support new 5G telecommunication requirements.

#### 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. The revenue for the Financial Year was HK\$6.6 million (2019: HK\$6.1 million). At the end of the Financial Year, all the investment properties were renting out except for the commercial building at 17/F., Henan Building, Wan Chai, Hong Kong.

### 3. *Yacht Construction and Trading*

During the Financial Year, the building team had carried out routine inspection and rectified certain cabling and wiring works in order to ensure the finished yacht would meet the highest safety standard. During the Financial Year, we faced unnecessary delay in construction due to the implementation of precautionary measures at shipyard to minimise the risk of contracting and spreading COVID-19. Based on our current work plan, the sea trial of the yacht will be carried out by the end of 2020 at the earliest.

### 4. *Exploration and Evaluation of Mineral Resources*

FVSP LLC (“**FVSP**”), a 51% owned indirect subsidiary, held an exploration license number 13593 (the “**Exploration License**”) with gold and other mineral resources in Mongolia during the Financial Year. In accordance with our schedule, FVSP applied for a mining license in respect of certain portion of the Exploration License area in April 2020. The mining license was eventually granted by the Mongolian government in July 2020 for an initial period of 30 years.

The mining license with an area of approximately 7,120 hectares is located at Altai soum of Gobi-Altai aimag and named as Zoolon hard rock gold deposit. Based on the updated information, the estimated mineral resource in the main target area is approximately 7.2 tonnes of gold under category B (measured) and 4.8 tonnes of gold under category C (indicated). The resource estimation is under Mongolian official standard. The average grade is 0.81g/t gold equivalent. Apart from gold, the mineral resources (both B and C categories) also include:

- 195.1 tonnes of silver with average grade of 13.16g/t;
- 2,113.2 tonnes of copper with average grade of 142g/t;
- 11,386.4 tonnes of lead with average grade of 765g/t; and
- 28,016.5 tonnes of zinc with average grade of 1,881g/t.

### 5. *Private Jet Management Services (“PJM”)*

At the end of the Financial Year, four private jets were under aircraft management contracts and one aircraft under ad hoc management. During the Financial Year, two ad hoc management contracts were terminated. The revenue for the Financial Year was HK\$40.1 million (2019: HK\$28.1 million). The sharp increase in revenue was due to two more aircrafts under management contracts when compared to last corresponding year. During the Financial Year, the business of PJM was also affected by the COVID-19 pandemic. The COVID-19 pandemic has had a significant negative impact on air travel due to travel restrictions in various countries and in turn causing a slump in demand among travelers. Accordingly, our handling income from trip related services for our fleet under management was also decreased.

## Financial Review

### 1. Results Analysis

#### *Revenue*

During the Financial Year, the Group's revenue increased to HK\$64.9 million (2019: HK\$54.0 million). Around 61.8% (2019: 52.0%) of the Group's revenue was generated from the private jet management services. The Group's another core business is NSPS and it contributed around 28.0% (2019: 36.7%) of the total revenue. The remaining revenue was generated from property investment.

#### *Other losses, net*

Other losses net against other gains were HK\$17.8 million (2019: HK\$55.9 million). At the end of the Financial Year, the management of the Group had assessed the net realizable value of the yacht under construction, taking the estimated costs to completion and the latest market prices less selling expenses into consideration. An independent valuer is appointed to carry out valuation and concluded that the assessed net realisable was below the carrying amount of the yacht under construction. Accordingly, an impairment of HK\$19.8 million (2019: nil) was made. In last financial year, three exploration licenses owned by the Group were either surrendered or returned to Mongolian government and the related impairment loss of HK\$56.6 million was recognized.

#### *Fair value losses on investment properties*

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\$40.2 million (2019: HK\$6.2 million) and (ii) loss on currency translation of HK\$1.3 million on our investment properties in China (2019: HK\$1.3 million). The COVID-19 outbreak has taken its toll on Hong Kong's economy. As market sentiment continues to weaken, the property market in particular the commercial sector is suffered from downward pressure.

#### *Employee benefit expenses*

The increase of employee benefit expenses was due to share-based payment expenses of HK\$21.4 million (2019: HK\$5.7 million) recognized in respect of share options granted on 25 March 2020.

### *Other expenses*

The main components of other expenses are:

- (a) auditor's remuneration of HK\$1.4 million (2019: HK\$1.5 million);
- (b) legal and professional fee of HK\$3.1 million (2019: HK\$4.0 million); and
- (c) reimbursement of sharing of administrative services at cost basis of HK\$6.9 million (2019: HK\$6.2 million).

### *Finance costs*

For the Financial Year, finance costs increased to HK\$1.4 million (2019: HK\$0.02 million). The increase in finance costs was mainly due to the increase in borrowings.

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

The Group had a short-term revolving bank loan facility totaling HK\$38.0 million as at the end of the Financial Year (2019: HK\$38.0 million), all of which had been drawn and outstanding. The bank loan facility is secured by an office premise and two parking spaces under the Group's investment properties portfolio. The interest costs of the bank borrowings was charged at Hong Kong interbank offer rate ("HIBOR") plus 1.8% per annum. In addition, Mr. Lo Lin Shing, Simon ("Mr. Lo"), being the Chairman and Director of the Company has provided a revolving standby facility amounting to HK\$16.0 million by way of advances to the Group. The advances from Mr. Lo is unsecured, charged interest at HIBOR plus 3% per annum and repayable on or before 31 December 2021. As at 30 June 2020, advances from Mr. Lo amounted to HK\$8.7 million (2019: nil).

## **3. *Gearing***

As at 30 June 2020, the gearing ratio of the Group was 9.7% (2019: 1.1%) 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 2020, the Group did not have material contingent liabilities (2019: nil).

### **Business Outlook & Development**

The economic turmoil unleashed by the outbreak of COVID-19 is hurting local economies, regardless of income level. Economy will be rebounded only when the COVID-19 pandemic dies down. Presently, all our business segments are negatively impacted by the COVID-19 pandemic to a certain degree.

For NSPS, the total contract values on hand was approximately HK\$11.3 million as at 30 June 2020. Among this contract sum, HK\$8.7 million is belonged to the project services. Most of the business of project services are coming from a Hong Kong telecom operator. The installation contract with this telecom operator is going to expire in November 2020 and a new tender is underway. There is a high chance for NSPS to win this new tender. However, the business of NSPS will be significantly diminished if our bidding is flopped.

For the property investment segment, we try the best to support our tenants during the present difficult times. After the Financial Year, we have either offered rental concession or renewal of tenancy on shorter than normal term on a case-to-case basis. Being a responsible corporate citizen, we are pleased to offer these relief measures to support our communities even at the cost of decrease in revenue.

Following the grant of the gold mining license in Mongolia, the Group is assessing the best options available to develop our gold mine. Our geologist is going to team up with independent professional parties to work out a feasibility plan for Zoolon gold deposit. Our geologist has also identified other target locations within our gold mining license area which are worthwhile for further study. A new exploration program will be conducted in coming financial year.

The business of PJM will be flourished if there are more private jets under full management. The management of PJM will strive to expand the fleet under management but subject to the easing of worldwide lockdown restrictions.

## EMOLUMENT POLICY

As at 30 June 2020, the Group had employed a total of 38 full-time employees (2019: 39) 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 2019 AGM. An executive Director had chaired the 2019 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 2019 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](http://www.hkexnews.hk)) and the Company ([www.visionvalues.com.hk](http://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, 23 September 2020

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