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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 2021

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 2021 (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 2021

	Note	Year ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	3	55,120	64,895
Other losses, net	5	(10,999)	(17,823)
Changes in inventories of finished goods and work in progress		(2,868)	(2,912)
Subcontracting fees for project services		(13,484)	(11,569)
Direct operating costs for private jet management services		(17,182)	(25,732)
Fair value losses on investment properties	10	(24,870)	(40,190)
Employee benefit expenses		(29,151)	(51,441)
Depreciation		(2,547)	(2,546)
Other expenses	7	(22,843)	(21,098)
Operating loss		(68,824)	(108,416)
Finance income	6	4	63
Finance costs	6	(1,804)	(1,382)
<b>Loss before income tax</b>		<b>(70,624)</b>	<b>(109,735)</b>
Income tax expense	8	(296)	(454)
<b>Loss for the year</b>		<b>(70,920)</b>	<b>(110,189)</b>

	<i>Note</i>	<b>Year ended 30 June</b>	
		<b>2021</b>	<b>2020</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>(68,934)</b>	<b>(108,328)</b>
<b>Non-controlling interests</b>		<b>(1,986)</b>	<b>(1,861)</b>
		<u><b>(70,920)</b></u>	<u><b>(110,189)</b></u>
<b>Loss per share attributable to owners of the Company for the year (HK cents)</b>	<i>9</i>		
<b>Basic loss per share</b>		<u><b>(1.76)</b></u>	<u><b>(2.76)</b></u>
<b>Diluted loss per share</b>		<u><b>(1.76)</b></u>	<u><b>(2.76)</b></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(70,920)	(110,189)
<b>Other comprehensive income/(loss)</b>		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	<u>3,385</u>	<u>(1,309)</u>
Total comprehensive loss for the year	<u><b>(67,535)</b></u>	<u><b>(111,498)</b></u>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(65,549)	(109,637)
Non-controlling interests	<u>(1,986)</u>	<u>(1,861)</u>
Total comprehensive loss for the year	<u><b>(67,535)</b></u>	<u><b>(111,498)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>As at 30 June</b>	
		<b>2021</b>	2020
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,216	6,752
Right-of-use assets		2,408	1,089
Investment properties	<i>10</i>	279,570	301,070
Exploration and evaluation assets	<i>11</i>	69,268	53,785
Rental deposit		192	–
		<b>357,654</b>	362,696
<b>Current assets</b>			
Inventories	<i>12</i>	93,584	84,110
Trade receivables	<i>13</i>	4,515	5,814
Prepayments, deposits and other receivables		7,218	9,247
Contract assets		2,949	3,897
Cash and cash equivalents		30,819	15,940
		<b>139,085</b>	119,008
<b>Total assets</b>		<b>496,739</b>	481,704
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		39,242	39,242
Other reserves		493,001	489,616
Accumulated losses		(232,963)	(164,029)
		<b>299,280</b>	364,829
Non-controlling interests		<b>35,662</b>	28,290
<b>Total equity</b>		<b>334,942</b>	393,119

		<b>As at 30 June</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		3,200	2,951
Advances from a Director		29,124	–
Lease liabilities		1,046	–
		<u>33,370</u>	<u>2,951</u>
<b>Current liabilities</b>			
Trade payables	14	3,594	1,468
Accrued charges and other payables		52,040	31,711
Contract liabilities		3,395	4,599
Bank borrowings	15	68,000	38,000
Advances from a Director		–	8,732
Lease liabilities		1,398	1,124
		<u>128,427</u>	<u>85,634</u>
<b>Total liabilities</b>		<u>161,797</u>	<u>88,585</u>
<b>Total equity and liabilities</b>		<u>496,739</u>	<u>481,704</u>
<b>Net current assets</b>		<u>10,658</u>	<u>33,374</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 (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap.622. 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) Amendments to existing standards and conceptual framework adopted by the Group*

The following amendments to existing standards and conceptual framework are mandatory for the first time for the financial year beginning 1 July 2020 and have been adopted in the preparation of the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-related rent concessions

The adoption of these amendments to existing standards and conceptual framework did not have any significant change on the Group’s accounting policies or any significant impact on the consolidated financial statements of the Group.

**(b) New standards, amendments to existing standards and interpretation that are not effective and have been early adopted by the Group**

The following new accounting standards, amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning on 1 July 2020 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018 – 2020 cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<i>Note</i>

*Note:*

To be announced by HKICPA

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

### 3. REVENUE

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Private jet management services income	<b>28,277</b>	40,074
Network solutions and project services fee	<b>20,171</b>	18,197
Rental income	<b>6,672</b>	6,624
	<b><u>55,120</u></b>	<u>64,895</u>

Revenue of HK\$4,599,000 was recognised for the year ended 30 June 2021 (2020: HK\$5,872,000) related to carried-forward contract liabilities.

### 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 2021**

	Network solutions and project services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Yacht building <i>HK\$'000</i>	Minerals exploration <i>HK\$'000</i>	Private jet management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>20,171</u>	<u>6,672</u>	<u>-</u>	<u>-</u>	<u>28,277</u>	<u>55,120</u>
Segment results	<u>3,363</u>	<u>5,472</u>	<u>-</u>	<u>-</u>	<u>11,095</u>	<u>19,930</u>
Depreciation	(332)	-	(1)	(203)	(1,633)	(2,169)
Fair value losses on investment properties	-	(24,870)	-	-	-	(24,870)
Impairment loss on inventories	-	-	(14,125)	-	-	(14,125)
Unallocated expenses ( <i>Note a</i> )						(47,590)
Finance costs						(1,804)
Finance income						<u>4</u>
Loss before income tax						<u>(70,624)</u>
Other segment information						
- Capital expenditure ( <i>Note b</i> )	-	-	-	15,507	-	15,507
- Unallocated capital expenditure						<u>466</u>
						<u>15,973</u>

The segment revenue and results for the year ended 30 June 2020

	Network solutions and project services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Yacht building <i>HK\$'000</i>	Minerals exploration <i>HK\$'000</i>	Private jet management services <i>HK\$'000</i>	Total <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 properties	–	(40,190)	–	–	–	(40,190)
Impairment loss on inventories	–	–	(19,836)	–	–	(19,836)
Unallocated expenses ( <i>Note a</i> )						(68,855)
Finance costs						(1,382)
Finance 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.

## Segment Assets

As at 30 June 2021

	Network solutions and project services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Yacht building <i>HK\$'000</i>	Minerals exploration <i>HK\$'000</i>	Private jet management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment assets	<u>4,185</u>	<u>279,873</u>	<u>95,900</u>	<u>70,065</u>	<u>7,021</u>	457,044
Unallocated						
– Cash and cash equivalents						30,819
– Other unallocated assets						<u>8,876</u>
Consolidated total assets						<u>496,739</u>

As at 30 June 2020

	Network solutions and project services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Yacht building <i>HK\$'000</i>	Minerals exploration <i>HK\$'000</i>	Private jet management services <i>HK\$'000</i>	Total <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 cash equivalents						15,940
– Other unallocated assets						<u>8,075</u>
Consolidated total assets						<u>481,704</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	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	243,629	270,945	53,993	64,096
Mainland China	44,040	37,070	1,127	799
Mongolia	69,985	54,681	–	–
	<u>357,654</u>	<u>362,696</u>	<u>55,120</u>	<u>64,895</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\$42,398,000 (2020: HK\$53,885,000) is derived from four (2020: five) 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment loss on inventories ( <i>Note 12</i> )	(14,125)	(19,836)
Government grants ( <i>Note</i> )	2,103	1,078
Sundry income	1,023	935
	<u>(10,999)</u>	<u>(17,823)</u>

*Note:*

Government grants mainly represents benefits received from the HKSAR Government under COVID-19 related employment support schemes (“ESS”). The Group has complied all attached conditions before 30 June 2021 and recognised in the consolidated statement of profit or loss.

## 6. FINANCE INCOME AND COSTS

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Finance income		
– Bank interest income	<u>4</u>	<u>63</u>
Finance costs		
– Interest expense on bank loans	(1,300)	(1,271)
– Interest expense on advances from a Director	(448)	(32)
– Interest expenses on lease liabilities	<u>(56)</u>	<u>(79)</u>
	<u><b>(1,804)</b></u>	<u>(1,382)</u>

## 7. OTHER EXPENSES

Other expenses included the followings:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	1,387	1,430
– Non-audit services	26	26
Direct operating expenses from investment properties that generate rental income	1,119	1,347
Exchange losses – net	380	504
Operating lease rentals for short-term leases	1,660	1,852
Legal and professional fee	3,419	3,126
Insurance	3,311	2,043
Reimbursement of sharing of administrative services	<u><b>7,293</b></u>	<u>6,869</u>

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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.

The amount of income tax charged to the consolidated statement of profit or loss represents:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	47	425
Deferred income tax		
– Origination of temporary differences	249	29
Total income tax expense	<u>296</u>	<u>454</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.

	<b>2021</b>	2020
Loss attributable to owners of the Company (HK\$'000)	<u>(68,934)</u>	<u>(108,328)</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>(1.76)</u>	<u>(2.76)</u>

(b) **Diluted**

The calculation of the diluted loss per share for the years ended 30 June 2021 and 2020 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 2021 and 2020, 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**

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of the year	<b>301,070</b>	342,564
Net fair value losses on revaluation of investment properties	<b>(24,870)</b>	(40,190)
Currency translation differences	<b>3,370</b>	(1,304)
	<u><b>279,570</b></u>	<u>301,070</u>
At end of the year	<u><b>279,570</b></u>	<u>301,070</u>

*Note:*

**Amounts recognised in profit and loss for investment properties**

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental income	<b>6,672</b>	6,624
Direct operating expenses from properties that generated rental income	<b>(1,199)</b>	(1,347)
Fair value losses on investment properties	<b>(24,870)</b>	(40,190)
	<u><b>6,672</b></u>	<u>6,624</u>

As at 30 June 2021 and 2020, the Group had no unprovided contractual obligations for future repairs and maintenance.

As at 30 June 2021, bank borrowings are secured by investment properties in relation to an office premise and two car parking spaces located at Wan Chai (Note 15).

The Group's investment properties were valued at 30 June 2021 by independent professionally qualified valuer, Eidea Professional Services Company Limited, who holds a recognised relevant professional qualification and has 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 mining licences in western part of Mongolia. Additions to the exploration and evaluation assets represent the geological and geophysical costs, drilling and exploration expenses directly attributable to exploration activities.

Movement of exploration and evaluation assets is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of the year	<b>53,785</b>	32,531
Additions	<b>15,483</b>	21,254
	<hr/>	<hr/>
At end of the year	<b>69,268</b>	53,785
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

In July 2020, a mining license was issued and granted for an initial period of 30 years to replace the exploration license which was expired during the year ended 30 June 2020. The mining license can be extended for two successive periods of 20 years each.

## 12. INVENTORIES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Raw materials	<b>678</b>	–
Work in progress ( <i>Note</i> )	<b>379</b>	83,846
Finished goods ( <i>Note</i> )	<b>92,527</b>	264
	<hr/>	<hr/>
	<b>93,584</b>	84,110
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

Capitalisation of construction costs ceased upon the completion of the yacht construction in the first half of 2021 and the work in progress in respect of yacht building segment was transferred to finished goods totalling HK\$92,100,000 as at 30 June 2021. Meanwhile, management assessed the net realisable value of the yacht inventory as at 30 June 2021, taking the latest market prices less selling expenses into consideration. Management engaged an independent professionally qualified valuer, Roma Appraisals Limited, to carry out valuation under market approach. The assessed net realisable value was below the carrying amounts of the yacht inventory. Accordingly, an impairment of HK\$14.1 million (2020: HK\$19.8 million) (Note 5) was recognised in consolidated statement of profit or loss for the year ended 30 June 2021.

The cost of inventories recognised as expense in the consolidated statement of profit or loss amounted to approximately HK\$2,868,000 (2020: HK\$2,912,000).

### 13. TRADE RECEIVABLES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	<u><b>4,515</b></u>	<u>5,814</u>

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

The ageing analysis of trade receivables based on invoice date is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1 – 30 days	<b>4,139</b>	5,566
31 – 60 days	<b>288</b>	190
61 – 90 days	<b>15</b>	–
Over 90 days	<u><b>73</b></u>	<u>58</u>
	<u><b>4,515</b></u>	<u>5,814</u>

All trade receivables are either repayable within one year or on demand. The Group generally grants credit terms of 30 to 90 days to its customers. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

In the opinion of the directors, the loss allowance for trade receivables as at 30 June 2021 and 2020 was insignificant.

### 14. TRADE PAYABLES

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	<b>1,748</b>	1,305
31 – 60 days	<b>498</b>	12
61 – 90 days	–	129
91 – 180 days	<u><b>1,348</b></u>	<u>22</u>
	<u><b>3,594</b></u>	<u>1,468</u>

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

## 15. BANK BORROWINGS

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Secured:		
Bank loan – within 1 year	<u><b>68,000</b></u>	<u>38,000</u>

As at 30 June 2021 and 2020, the Group's borrowings contain a repayable demand clause and are repayable based on the scheduled date are as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	–	38,000
Between one and two years	<u><b>68,000</b></u>	<u>–</u>
	<u><b>68,000</b></u>	<u>38,000</u>

The Group has aggregate bank facilities of approximately HK\$68,000,000 (2020: HK\$38,000,000) for loans, which are secured by corporate guarantees provided by the Company and certain of its subsidiaries (2020: Same). There were no unused facilities as at 30 June 2021 and 2020.

As at 30 June 2021, the Group's investment properties in relation to an office premise and two car parking spaces located at Wan Chai with carrying amounts of HK\$123,600,000 (2020: HK\$138,200,000) were pledged as security for the Group's bank borrowings.

In addition to the above, the Group is required to comply with certain restrictive covenants imposed by the banks.

The interest rate is charged at 1.5% per annum over Hong Kong interbank offer rate (“**HIBOR**”) or 0.5% per annum over cost of fund of the banks, whichever is higher. As all the bank borrowings were at floating interest rates, the carrying amounts of the borrowings approximate their fair values and all balances are denominated in HK\$.

## 16. CAPITAL COMMITMENTS

As at 30 June 2021, there is no capital expenditure of exploration activities in Mongolia which was authorised by management of the Group but not contracted for (2020: HK\$24,775,000).

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Yacht building	<u>525</u>	<u>2,441</u>

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2020: Nil).

## 17. EVENT OCCURRING AFTER THE REPORTING PERIOD

On 15 September 2021, 新疆遠見物流有限公司 (“VVL”), an indirect wholly owned subsidiary of the Group incorporated in the Mainland China, entered into an agreement and cooperated with 新疆鑫鵬鴻業物流有限公司 (“XPHY”), a limited liability incorporated in the Mainland China, to set-up a new company for the provision of minerals and resources transportation services in the northwest of the Mainland China.

Pursuant to the terms of the agreement, VVL and XPHY will invest an aggregate registered capital of RMB37,050,000. VVL will contribute a total of RMB22,230,000 by way of cash representing 60% of the equity interest in this new company. The remaining RMB14,820,000 of the proposed registered capital representing the remaining 40% equity interest will be contributed by XPHY by way of cash and/or assets. All capital contribution will be paid within three years from the establishment of this new company. Upon establishment, 60% of the equity interest will be owned by VVL (and the Group) and since then, the company will become an indirect non-wholly owned subsidiary of the Group.

There is no financial impact on the consolidated financial statements for the year ended 30 June 2021.

## 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 2021 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 2021 (2020: Nil).

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "AGM") of the Company will be held on 24 November 2021. 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, 18 November 2021 to Wednesday, 24 November 2021, 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, 17 November 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

The revenue achieved by NSPS during the Financial Year was HK\$20.2 million (2020: HK\$18.2 million). An increase of approximately 10.8% from last corresponding year. A breakdown of the revenue from NSPS was as follows:

- (i) Telecom solutions was HK\$1.7 million (2020: HK\$1.6 million);
- (ii) Enterprise solutions was HK\$2.4 million (2020: HK\$1.4 million);
- (iii) Project services was HK\$15.3 million (2020: HK\$13.8 million); and
- (iv) System maintenance was HK\$0.8 million (2020: HK\$1.4 million).

During the Financial Year, NSPS received subsidy of HK\$0.7 million from the Employment Support Scheme fund (the “**Employment Fund**”) established by the Hong Kong Government. This subsidy helped to relieve the adverse impact on the NSPS’s business brought by the COVID-19 pandemic.

Among different revenue streams, the revenue generated from telecom solutions was lesser than enterprise solutions. However, in the foreseeable future, the revenue from telecom solutions is expected to expand since more projects on hand are belonging to telecom solutions.

NSPS achieved an increase in turnover when compared with last financial year despite the failure to renew an installation master contract for a major mobile network operator (the “**Mobile Operator**”) as disclosed in the Company’s announcement dated 30 October 2020. The completion of unfinished orders together with a new one off non-standard order from the Mobile Operator enabled the growth of revenue.

## **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 to achieve this policy. The revenue for the Financial Year was HK\$6.7 million (2020: HK\$6.6 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. The rental contracts for our investment properties in Wan Chai and Central were renewed in 2021. The renewed tenancy agreements recorded reduction in rental by approximately 17.5% and 10.0% respectively. According to the rental indices for grade B private offices (all districts) issued by the Rating and Valuation department, the quarterly graph exhibited a sharp downward trend since the third quarter of 2019 and starting to stabilize at a lower level from third quarter of 2020 onwards.

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

During the Financial Year, the sea trial of the yacht was conducted with satisfactory end-result. The construction of the yacht was officially finished but certain fine-tuning works were carried out from time to time. A shipping agent based in Hong Kong was appointed in March 2021 to promote the sale of the yacht inventory.

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

FVSP LLC (“**FVSP**”), a 51% owned indirect subsidiary, holds a mining license number MV-021621 with gold and other mineral resources in Mongolia covering approximately 7,120 hectares (the “**Zoolon Gold Project**”). Based on the latest information, the estimated mineral resource in the main target area of Zoolon Gold Project is approximately 7.2 tonnes of gold under category B (measured) and 4.8 tonnes of gold under category C (indicated) under Mongolian official standard (the “**Zoolon Deposit**”).

During the Financial Year, FVSP officially commissioned the BGRIMM Technology Group, a leading institute incorporated in PRC providing innovative technology and process-orientated engineering services in mineral industries worldwide, to undertake the feasibility study of Zoolon deposit under Chinese and internationally accepted technical standards. Furthermore, Balchuluu LLC was appointed, a qualified institute in Mongolia, to undertake the feasibility study of Zoolon deposit under Mongolian technical standards. The technical assessment works are still ongoing and they may be completed by the end of 2021.

For the exploration works, FVSP was mainly working on Target 15 area. Based on the comprehensive interpretation and analysis of various data, we believe that the Target 15 area is similar to the Zoolon Deposit, with a low-temperature hydrothermal mineralization type. However, Target 15 area is more complicated in geology than Zoolon Deposit area because the ore bodies and rocks in Target 15 area have been severely destroyed by later fractured structures and magmatic intrusions, which has increased the difficulty of prospecting. Two (the southern and northern) mineralization zones were revealed in the Target 15 area and the northern zone initially revealed approximately 1.0 tonne of gold under category C (indicated) of Mongolian official standard at an average grade of 1.1g/t gold equivalent. It is indicated with more data and evidence that Zoolon Deposit and most of the target areas belong to the middle-low temperature hydrothermal mineralization type, and their genesis may be related to a porphyry mineralization system. We have been evaluating all data to determine potential targets of porphyry deposits and accordingly to make a follow-up exploration plan for next year.

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

At the end of the Financial Year, three private jets (2020: four) were under aircraft management contracts (“**AMC**”) and two aircrafts (2020: one) were under ad hoc management contracts (“**AHC**”). The revenue for the Financial Year was HK\$28.3 million (2020: HK\$40.1 million). The worldwide travel restrictions continuously impacting private jet aviation causing a significant negative impact on the business of PJM. Furthermore, the business performance was also impacted by the COVID-19 related fee concessions of approximately HK\$4.5 million (2020: Nil) granted to customers. One of the aircraft owners under AMC is considering to downgrade its management service to AHC. Another aircraft owner under AHC is considering to dispose of his aircraft therefore almost no ad hoc income derived from this aircraft since the second half of the Financial Year.

## Financial Review

### 1. Results Analysis

#### *Revenue*

During the Financial Year, the Group's revenue decreased to HK\$55.1 million (2020: HK\$64.9 million). Around 51.3% (2020: 61.8%) 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 36.6% (2020: 28.0%) of the total revenue. The remaining revenue was generated from property investment.

#### *Other losses, net*

Other losses, net was HK\$11.0 million (2020: HK\$17.8 million). At the end of the Financial Year, the management of the Group had assessed the net realizable value of the yacht inventory, taking the estimated costs to completion and the latest market prices of comparable yachts net of selling expenses into consideration. An independent valuer is appointed to carry out valuation and concluded that the assessed net realizable value was below the carrying amount. Accordingly, an impairment of HK\$14.1 million (2020: HK\$19.8 million) was made according to the Group's accounting policies. Also included in the other losses, net was the Employment Fund received by the Group of HK\$1.9 million (2020: HK\$1.0 million).

#### *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\$24.9 million (2020: HK\$40.2 million) and (ii) gain on currency translation of HK\$3.4 million on our investment properties in China (2020: loss on currency translation of HK\$1.3 million). The COVID-19 outbreak has taken its toll on Hong Kong's economy. The decrease in the fair values is mainly due to the persistent unfavorable property market conditions in Hong Kong influenced by the COVID-19 pandemic.

#### *Other expenses*

The major components of other expenses are: (a) auditor's remuneration of HK\$1.4 million (2020: HK\$1.4 million); (b) legal and professional fee of HK\$3.4 million (2020: HK\$3.1 million); and (c) reimbursement of sharing of administrative services at cost basis of HK\$7.3 million (2020: HK\$6.9 million).

#### *Finance costs*

For the Financial Year, finance costs increased to HK\$1.8 million (2020: HK\$1.4 million). The increase in finance costs was mainly due to the increase in bank and other borrowings.

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

The Group had a short-term revolving bank loan facility totalling HK\$68.0 million as at the end of the Financial Year (2020: 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 1.5% per annum (2020: HIBOR plus 1.8%). Besides, Mr. Lo Lin Shing, Simon (“**Mr. Lo**”), being the Chairman and Director of the Company has provided a revolving standby facility to be matured on 30 June 2023 amounting to HK\$50 million (2020: HK\$16.0 million) by way of advances to the Group. The advances from Mr. Lo is unsecured and interest bearing at HK\$ prime rate per annum. As at 30 June 2021, advances from Mr. Lo amounted to HK\$29.1 million (2020: HK\$8.7 million).

## **3. *Gearing***

As at 30 June 2021, the gearing ratio of the Group was 19.6% (2020: 9.7%) which was calculated based on the Group's total borrowings to total assets.

## **4. *Foreign Exchange***

The Group's key operations 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 2021, the Group did not have material contingent liabilities (2020: Nil).

## **Business Outlook and Development**

The global economy is recovered slowly and unevenly under the ongoing impact of COVID-19 pandemic. Though the COVID-19 vaccines are rolled out universally, the global pandemic is not yet over due to the emergence of more contagious new variants of COVID-19 virus. Hong Kong's economy posted its fastest growth in more than a decade in the first quarter of 2021, though the recovery was an uneven one led mainly by exports and held back by weak consumer spending. All our business segments in the meantime are still negatively impacted by the COVID-19 pandemic.

As at 30 June 2021, the total amount of projects on hand for NSPS was approximately HK\$9.5 million. Among them, HK\$6.9 million belonged to the project services. Since NSPS failed to renew an installation contract with the Mobile Operator, we have strived our best to look for new sources of business. Cyber-on Air Asia Limited (“COA”), a subsidiary of the Group carrying on the business of NSPS, is enlisted by a major Hong Kong telecommunication operator to be its qualified cellular site contractor starting from July 2021. On the other hand, the Mobile Operator still considers COA to be a trust worthy partner and it will invite us to participate in other non-standard projects due to our good track record. Looking ahead, we have deep concern about the business prospects of NSPS. The Hong Kong economic outlook is still uncertain due to the coronavirus outbreaks driven by the delta variant in various countries. The persistent worldwide pandemic has causing the shortage of semiconductor and disruption in global supply-chain. Our key overseas suppliers such as Cambium, OSA and RAD etc., are adversely affected. These adverse factors causing more customers to delay or cancel their purchase decisions due to the price increment and long delivery time.

For the property investment segment, we note that the tenants are extremely cautious on future development in view of the pandemic. For example, the tenant for our Wan Chai office preferred only to a shorter than normal lease term upon renewal of the tenancy agreement.

Hong Kong has a very mature yachting market. However, the majorities of marinas in Hong Kong offer berthing up to 35 meters, hence the market for 30-35 meters new-build yacht in Hong Kong are active. Apart from the berthing limitations of Hong Kong’s marinas, a further intricacy in the 35 meters plus sector is the more expensive price tag in the 35-60 meters size range. The size of our first built model is 43 meters therefore we need to spare more effort to find a prospective buyer.

For the private jet management segment, the business will only be resumed to normal until the recovery of global air traffic to pre-COVID-19 level.

In view of the present challenging environment, we will use our best endeavor to run our existing business. Besides, we will also actively look for other business opportunities which may add value to the Group and our shareholders. For example, we have started a new logistics business in Xinjiang, PRC after the Financial Year. Please refer to the Company’s announcement on 15 September 2021 for details.

## **EMOLUMENT POLICY**

As at 30 June 2021, the Group had employed a total of 36 full-time employees (2020: 38) 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 2020 AGM. The chairman of the Audit and Remuneration committees of the Company had chaired the 2020 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders.

## **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, 24 September 2021

*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.*