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VISION VALUES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The board of directors (the “**Board**”) of Vision Values Holdings Limited (the “**Company**”) announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 December 2015 (the “**Financial Period**”) together with the comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2015

		Six months ended	
		31 December	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	2	12,003	11,620
Other income		313	612
Changes in inventories of finished goods and work in progress		(4,477)	(6,105)
Subcontracting fees for project services		(3,506)	(1,125)
Fair value gain on investment properties		1,540	280
Employee benefit expenses		(5,948)	(6,630)
Depreciation		(464)	(461)
Other expenses	3	(13,090)	(5,449)
Loss before taxation		(13,629)	(7,258)
Income tax (expense)/credit	4	(159)	53
Loss for the period		<u>(13,788)</u>	<u>(7,205)</u>
Loss attributable to:			
Owners of the Company		(12,762)	(7,152)
Non-controlling interest		(1,026)	(53)
		<u>(13,788)</u>	<u>(7,205)</u>
Loss per share attributable to owners of the Company during the period (HK cents)	5		
Basic and diluted loss per share		<u>(0.49)</u>	<u>(0.28)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 31 December 2015

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(13,788)	(7,205)
Other comprehensive expense:		
Items that may be reclassified to profit or loss:		
— Currency translation differences	<u>(1,101)</u>	—
Total comprehensive expense for the period	<u>(14,889)</u>	<u>(7,205)</u>
Attributable to:		
Owners of the Company	(13,863)	(7,152)
Non-controlling interest	<u>(1,026)</u>	<u>(53)</u>
Total comprehensive expense for the period	<u>(14,889)</u>	<u>(7,205)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December 2015*

		As at 31 December 2015 <i>HK\$'000</i> (unaudited)	As at 30 June 2015 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		6,675	6,935
Investment properties		30,114	29,660
Exploration and evaluation assets	6	46,155	31,729
Goodwill		3,334	3,334
		<u>86,278</u>	<u>71,658</u>
Current assets			
Inventories		24,317	15,559
Trade receivables	7	6,725	5,447
Prepayments, deposits and other receivables		2,630	5,721
Cash and bank balances		231,327	260,293
		<u>264,999</u>	<u>287,020</u>
Total assets		<u>351,277</u>	<u>358,678</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		259,184	259,184
Other reserves		217,135	218,010
Accumulated losses		(163,926)	(151,164)
		<u>312,393</u>	<u>326,030</u>
Non-controlling interest		23,105	17,917
Total equity		<u>335,498</u>	<u>343,947</u>

		As at 31 December 2015 <i>HK\$'000</i> (unaudited)	As at 30 June 2015 <i>HK\$'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		<u>906</u>	<u>747</u>
Current liabilities			
Trade payables	8	5,350	3,622
Accrued charges and other payables		<u>9,523</u>	<u>10,362</u>
		<u>14,873</u>	<u>13,984</u>
Total liabilities		<u><u>15,779</u></u>	<u><u>14,731</u></u>
Total equity and liabilities		<u><u>351,277</u></u>	<u><u>358,678</u></u>
Net current assets		<u><u>250,126</u></u>	<u><u>273,036</u></u>
Total assets less current liabilities		<u><u>336,404</u></u>	<u><u>344,694</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements (the “**Interim Financial Statements**”) for the six months ended 31 December 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Interim Financial Statements have been prepared on the historical cost basis except for investment properties which are measured at fair value.

The basis of preparation and accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 30 June 2015.

The Group has not early applied those new or revised HKFRSs that have been issued but are not yet effective. The Board anticipate that the application of these revised HKFRSs will have no material impact on the results and financial position of the Group.

2. TURNOVER AND SEGMENT INFORMATION

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

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group’s internal reporting in order to assess performance and allocate resources. The executive directors determined the operating segments based on these reports.

The executive directors assess the performance of operating segments based on a measure of segment results. This measurement basis is revenue less direct attributable expenses to revenue but excluding depreciation. Other information provided, except as described below, to the directors is measured in a manner consistent with that in the consolidated financial statements.

Segment assets exclude other assets that are managed on a central basis.

There are no sales or other transactions between business segments.

The segment revenue and results for the six months ended 31 December 2015

	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>	Total <i>HK\$’000</i>
Segment revenue	<u>11,338</u>	<u>665</u>	<u>—</u>	<u>—</u>	<u>12,003</u>
Segment results	<u>2,688</u>	<u>534</u>	<u>—</u>	<u>—</u>	3,222
Depreciation of property, plant and equipment	(19)	—	(39)	(203)	(261)
Fair value gain on investment properties	—	1,540	—	—	1,540
Unallocated expenses (<i>Note</i>)					(18,440)
Interest income from bank deposits					<u>310</u>
Loss before taxation					<u>(13,629)</u>

Note: Unallocated expenses mainly include unallocated employee benefit expenses, office rental at corporate level and legal and professional fee.

The segment revenue and results for the six months ended 31 December 2014

	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>	Total <i>HK\$'000</i>
Segment revenue	<u>10,877</u>	<u>743</u>	<u>—</u>	<u>—</u>	<u>11,620</u>
Segment results	<u>3,010</u>	<u>607</u>	<u>—</u>	<u>—</u>	<u>3,617</u>
Depreciation of property, plant and equipment	(18)	—	(29)	(166)	(213)
Fair value gain on investment properties	—	280	—	—	280
Unallocated expenses (<i>Note</i>)					(11,506)
Interest income from bank deposits					<u>564</u>
Loss before taxation					<u>(7,258)</u>

Note: Unallocated expenses mainly include unallocated employee benefit expenses and office rental at corporate level.

The following is an analysis of the Group's assets by operating segments:

For the period ended 31 December 2015

	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>	Total <i>HK\$'000</i>
Total segment assets	<u>10,555</u>	<u>30,534</u>	<u>22,162</u>	<u>47,083</u>	<u>110,334</u>
Unallocated:					
Cash and bank balances					<u>231,327</u>
Other unallocated assets					<u>9,616</u>
Consolidated total assets					<u>351,277</u>

For the year ended 30 June 2015

	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>	Total <i>HK\$'000</i>
Total segment assets	<u>8,387</u>	<u>30,075</u>	<u>16,156</u>	<u>32,734</u>	87,352
Unallocated:					
Cash and bank balances					260,293
Other unallocated assets					<u>11,033</u>
Consolidated total assets					<u><u>358,678</u></u>

3. OTHER EXPENSES

Major expenses included in other expenses are analysed as follows:

	Six months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditor's remuneration	645	618
Direct operating expenses from investment properties that generate rental income	131	136
Exchange gain — net	(24)	(7)
Operating lease rentals for land and building	1,349	2,647
Legal and professional fee	3,857	502
Sharing of administrative services on a cost basis	<u>4,364</u>	<u>—</u>

4. INCOME TAX (EXPENSE)/CREDIT

No Hong Kong profits tax has been provided (2014: Nil) as the Group did not have assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
— Hong Kong profits tax	—	—
Deferred tax		
— (Origination)/reversal of temporary differences	<u>(159)</u>	53
Total income tax (expense)/credit	<u><u>(159)</u></u>	<u><u>53</u></u>

5. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the following information:

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company, as used in the calculation of basic and diluted loss per share	<u>(12,762)</u>	<u>(7,152)</u>

	Six months ended	
	31 December	
	2015	2014
	'000	'000

Number of shares

Weighted average number of ordinary shares in issue for calculation of basic loss per share (<i>Note</i>)	<u>2,591,839</u>	<u>2,535,571</u>
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Note: Diluted loss per share is the same as basic loss per share for the periods ended 31 December 2015 and 2014 as the share options have no dilutive impact for both periods.

6. EXPLORATION AND EVALUATION ASSETS

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

	As at	As at
	31 December	30 June
	2015	2015
	HK\$'000	HK\$'000
At beginning of the period	31,729	9,001
Additions	14,426	24,533
Written off (<i>Note</i>)	—	(1,805)
At end of the period	<u>46,155</u>	<u>31,729</u>

Note: During the year ended 30 June 2015, the Group returned certain exploration licenses, which had no investment potential after due assessment by the directors, to the Mongolian Government and wrote off the costs related to the respective licences.

7. TRADE RECEIVABLES

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

	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i>
1–30 days	2,716	1,637
31–60 days	815	700
61–90 days	753	651
91–180 days	414	575
Over 180 days	2,027	1,884
	<u>6,725</u>	<u>5,447</u>

As of 31 December 2015, trade receivables of HK\$6,389,000 (30 June 2015: HK\$4,249,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

8. TRADE PAYABLES

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

	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i>
0–30 days	2,367	1,837
31–60 days	234	379
61–90 days	217	239
91–180 days	2,532	1,794
	<u>5,350</u>	<u>4,249</u>

9. CAPITAL COMMITMENTS

The total capital expenditure of exploration activities in Mongolia which is authorised by the Board is fully utilised as at 31 December 2015. The total capital expenditure of exploration activities in Mongolia which is authorised by the Board but not contracted for as at 31 December 2014 amounts to HK\$52,413,000. Such capital expenditure of exploration activities will be contributed by equity holders of the joint venture on a pro-rata basis and the commitment of the Company amounts to HK\$26,731,000.

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

	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i>
Exploration drilling	—	11,631
Yacht building	4,934	6,819
	<u>4,934</u>	<u>18,450</u>

10. EVENT AFTER THE REPORTING PERIOD

On 11 August 2015, the Company entered into a subscription agreement (the “**P&P Subscription Agreement**”) with (a) Philosophy Quantum Investment Co. Limited (“**PQ Investment**”), (b) the People’s Insurance Company (Group) of China Limited (“**PICC**”) (together with PQ Investment, as subscribers), and (c) Mr. Lo Lin Shing, Simon (“**Mr. Lo**”), a substantial shareholder who has significant influence over the Group and the chairman and a Director of the Company (as indemnifier), pursuant to which the Company had conditionally agreed to allot and issue and PQ Investment and PICC had conditionally agreed to subscribe in aggregate 5,795,000,000 and 855,000,000 new shares of the Company respectively, at the subscription price of HK\$0.18 each upon the terms and conditions therein contained.

In addition, on 11 August 2015, the Company entered into another subscription agreement (the “**PC Subscription Agreement**”) with Pearl Charm Investments Limited (“**Pearl Charm**”), pursuant to which the Company had conditionally agreed to allot and issue and Pearl Charm had conditionally agreed to subscribe 150,000,000 new shares of the Company, at the subscription price of HK\$0.18 each upon the terms and conditions therein contained.

These new shares to be issued under the P&P Subscription Agreement and the PC Subscription Agreement (collectively, the “**Subscriptions**”) rank pari passu in all respect with existing shares. The aggregate gross proceeds of the subscription pursuant to the Subscriptions were approximately HK\$1,224 million, before issuing expenses. The Subscriptions were subject to the fulfilment of certain conditions and shareholders’ approval.

On 12 January 2016, the Company entered into two termination agreements to terminate the Subscriptions. Pursuant to the two termination agreements, each of the Company, PQ Investment, PICC, Pearl Charm and Mr. Lo agreed to terminate the Subscriptions and release each other from any and all obligations, liabilities and claims whatsoever under the P&P Subscription Agreement and PC Subscription Agreement.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Financial Period (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

During the Financial Period, the total revenue achieved was HK\$11.3 million. The result was on a par with the corresponding period last year (2014: HK\$10.9 million).

The revenue breakdown was as follows: (i) revenue from telecom solutions was HK\$2.7 million (2014: HK\$4.8 million); (ii) revenue from enterprise solution was HK\$2.8 million (2014: HK\$3.2 million); (iii) revenue from project services was HK\$4.3 million (2014: HK\$1.5 million); and (iv) revenue from system maintenance was HK\$1.5 million (2014: HK\$1.4 million).

Except for the enterprise solution, other revenue streams were capable to maintain their gross profit margin when comparing to the corresponding period last year. The sale of enterprise solution recorded a slight drop in gross profit margin since the market was still suffering from keen competition and downward price pressure.

On the other hand, the revenue from project services was increased significantly because NSPS entered into a cellular site installation contract with a telecom operator in March 2015. The new work orders from this telecom operator boosted the business performance.

NSPS had been in dispute with a contractor for the total sum of HK\$2.4 million on two project services arising in previous financial year. In order to recover the long outstanding receivables, NSPS had commenced two legal actions respectively against this contractor. The Hong Kong court had already ruled in our favour on one court case and NSPS had fully recovered approximately HK\$0.3 million after the Financial Period. We will continue to pursue the remaining case to protect our interest.

2. *Property Investment*

All the Group’s investment properties were fully rented out during the Financial Period.

3. *Yacht Construction and Trading*

By the end of the Financial Period, we had completed the building of the keel and the installation of main engines. The hull planking, engine shaft and steering alignment were in progress. Certain minor amendments to the yacht design were made during the Financial Period. Based on the current work progress, our first yacht is anticipated to be completed in late 2017.

4. *Exploration and Evaluation of Mineral Resources*

Our joint venture owns five exploration licenses covering a total of approximately 318,000 hectares in Mongolia.

Various exploration programs were implemented at the areas of these exploration licenses in 2015, including geological mapping and sampling, geophysical surveys (magnetic survey, pole-dipole induced polarisation and gravity), geochemical survey, trenching, diamond core drilling in total of approximately 13,970 meters, laboratory testing of rock and core samples, data processing and modeling, and various studies in geological structure, petrology, mineralogy and petrogenesis.

Exploration works in 2015 had been principally targeted at the license numbers 13598, 13594 and 12999 areas for the purpose of assessing and investigating the extent of mineralization of a deep-seated copper-gold-silver (Cu-Au-Ag) porphyry and metallogenic potential as shown in the anomalies in geophysical surveys in such areas; and few exploration works had been carried out at the license number 13593 area for the purpose of studying the copper-gold mineralization zone in relation to the fault system as shown in the geological, geochemical and geophysical surveys.

A review and study of all work and exploration results are ongoing in order to enhance our understanding and interpretation of the Cu-Au-Ag mineralization system in the exploration license areas. The exploration plan for the year 2016 could only be formulated until the completion of data review and study of 2015 programs, and the process is still ongoing up to the date of this announcement.

Financial Review

1. *Results Analysis*

For the Financial Period, the Group's revenue increased 3.3% to HK\$12.0 million (2014: HK\$11.6 million). Around 94.5% of the Group's total revenue was generated from the NSPS business segment (2014: 93.6%).

The investment properties of the Group were revalued on an open market basis by an independent qualified valuer. The value of the investment properties at 31 December 2015 increased by approximately HK\$0.4 million to HK\$30.1 million (At 30 June 2015: HK\$29.7 million). The net increase in value consisted of (i) fair value gain of HK\$1.5 million mainly arising from the investment properties in the People's Republic of China ("PRC"); and (ii) loss on currency translation of HK\$1.1 million because of devaluation of Renminbi during the Financial Period in respect of our PRC investment properties.

The sharp increase in other expenses was mainly due to (i) one-off legal and other professional expenses in the amount of HK\$3.0 million incurred in relation to the subscription agreements entered into by the Group during the Financial Period; (ii) the administrative services (including IT, accounting and other clerical supports as well as sharing of office and facilities, etc.) provided by a related party on a cost sharing basis to cope with the Group's increase of business activities in Hong Kong and Mongolia since July 2015. The related administrative expenses shared by the Group were HK\$4.4 million.

2. *Liquidity and Financial Resources*

As at 31 December 2015, the capital and reserves attributable to the shareholders of the Company was HK\$312.4 million (At 30 June 2015: HK\$326.0 million).

The details of utilization of net proceeds from two fund raising exercises in 2013 were as follows:

- (a) The net proceeds from the rights issue were approximately HK\$67.6 million and intended to be applied for acquisition of assets and/or businesses. As at 31 December 2015, approximately HK\$55.7 million was utilized for yacht construction and for contribution to the mineral exploration and evaluation business in Mongolia; and
- (b) The net proceeds from the placement of the Company's new shares in December 2013 were approximately HK\$102.8 million and were intended to be applied for acquisition of assets and/or businesses should suitable opportunities became available. As at 31 December 2015, the net proceed had not been utilized.

The Company had no present intention to change the intended use of these net proceeds.

During the Financial Period, the Company entered into conditional subscription agreements with independent subscribers to subscribe for 6,800,000,000 new shares of the Company in aggregate at a subscription price of HK\$0.18 each. The aggregate gross proceeds of the subscriptions would be approximately HK\$1,224 million. The net proceeds from the subscriptions would be applied towards technology integration and an extension of the existing information technology business of the Group. Completion of the subscriptions was subject to a number of conditions precedent. In view of certain of the conditions precedent to completion of the subscriptions could not be fulfilled, the Company entered into termination agreements with the subscribers after the Financial Period to terminate the subscriptions. The Directors are of the view that the termination of the subscription agreements would have no material adverse impact on the financial position and the existing business operations of the Group as a whole.

As at 31 December 2015, the Group had no bank or other borrowings (At 30 June 2015: Nil). The Group has sufficient liquidity and financial resources to meet its daily operational requirements.

3. *Gearing*

The Group had no gearing as at 31 December 2015 (At 30 June 2015: Nil).

4. *Foreign Exchange*

The key operations of the Group are located in Hong Kong, PRC 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 31 December 2015, the Group did not have material contingent liabilities (At 30 June 2015: Nil)

Business Outlook and Development

Global market volatility increased sharply in early 2016 as evidenced by the slump of oil price and a significant sell-off in stock markets particularly in PRC. Hong Kong has a free market economy with high reliance on international trade and finance. The surging global financial market volatility would likely dampen business investment and consumer spending sentiment in Hong Kong. Therefore, the business outlook for NSPS in the year 2016 is challenging.

As at 31 December 2015, the orders on hand in aggregate for NSPS were approximately HK\$14 million and approximately 72% relating to cellular site installation works for a mobile telecom operator. To avoid over reliance on this mobile telecom operator, NSPS has already registered as a minor work contractor with different government departments to provide minor work services. We hope that a stable income stream will be generated from the Hong Kong government in the near future.

For the sale of telecom solutions, the market environment is still stagnant as all Hong Kong telecom operators are reluctant to make significant investments in their network. However, we shall focus on promoting the frequency synchronization solution from Oscilloquartz SA and time synchronization solution from Time & Frequency Solutions Limited in order to build up long term cooperation with them.

Due to the relatively challenging business environment in Hong Kong, the Group expects that factors adversely affecting the business of NSPS will persist in the near future. With the projects on hand, we shall use our best efforts to perform our existing business as well as developing new products or opening up new markets.

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

During the Financial Period, neither the Company nor any of its subsidiaries 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 practice to protect and enhance the benefits of the shareholders. The Board and the management of the Company have collective responsibility to maintain the interest of the shareholders and to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of the shareholders and investors.

During the Financial Period, 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 (“**Listing Rules**”) on the Stock Exchange of Hong Kong Limited, save for the following deviations:

- i. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (“**CEO**”) should be separated and should not be performed by the same individual.

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

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

None of the existing non-executive directors is appointed for a specific term which constitutes a deviation from the code provision A.4.1 of the CG Code. However, they are subject to retirement by rotation in accordance with the provisions of the 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 of the Company, any newly appointed directors are required to offer themselves for re-election at the next general meeting. Furthermore, the director re-election process participating by the shareholders in the annual general meeting ("**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.

Due to another business engagement, the Chairman did not attend the 2015 AGM. An Executive Director had chaired the 2015 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. Chairman of the Audit and Remuneration Committees of the Company was also present and available to answer questions at the 2015 AGM. Other than the AGM, the shareholders may also communicate with the Company through the contact information listed on the Company's website.

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 Company has also established Written Guidelines for Securities Transactions by Employees of the Group on terms no less exacting than the Model Code for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company.

During the period of thirty days immediately preceding and including the publication 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.

Upon 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 Period.

HUMAN RESOURCES

As at 31 December 2015, the Group employed 29 employees (30 June 2015: 29) in Hong Kong and Mongolia. The remuneration policies of the Group are reviewed and approved by the management on a periodic basis to ensure fair rewards and compensation for our employees. The remuneration packages are structured to be comparable to the market while bonuses and other merit payments are correlated to the performances of the Group and the employees. The Group also offers appropriate training programs for staff training and development.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Tsui Hing Chuen, William JP, Mr. Lee Kee Wai, Frank and Mr. Lau Wai Piu (chairman of the Audit Committee).

The Audit Committee has reviewed the unaudited interim financial information of the Group for the Financial Period.

By Order of the Board
Vision Values Holdings Limited
Tang Chi Kei
Company Secretary

Hong Kong, 26 February 2016

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