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# VISION VALUES HOLDINGS LIMITED
# 遠 見 控 股 有 限 公 司

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 862)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2016

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 2016 (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 2016*

| | | Year ended 30 June | |
|---|---|---|---|
| | | **2016** | 2015 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Revenue | *3* | **26,351** | 22,032 |
| Other income | | **843** | 1,104 |
| Changes in inventories of finished goods and work in progress | | **(6,575)** | (9,743) |
| Subcontracting fees for project services | | **(11,557)** | (4,167) |
| Fair value gain/(loss) on investment properties | | **1,008** | (2,925) |
| Employee benefit expenses | | **(13,748)** | (20,572) |
| Depreciation | | **(866)** | (971) |
| Other expenses | *5* | **(24,473)** | (31,372) |
| Loss before taxation | | **(29,017)** | (46,614) |
| Income tax (expense)/credit | *6* | **(151)** | 456 |
| Loss for the year | | **(29,168)** | (46,158) |
| **Loss attributable to:** | | | |
| **Owners of the Company** | | **(26,803)** | (45,189) |
| **Non-controlling interest** | | **(2,365)** | (969) |
| | | **(29,168)** | (46,158) |
| **Loss per share attributable to owners of the Company for the year (HK cents)** | | | |
| **Basic and diluted loss per share** | *7* | **(1.03)** | (1.78) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| Loss for the year | **(29,168)** | (46,158) |
| **Other comprehensive loss** | | |
| Item that may be reclassified to profit or loss: | | |
| — Currency translation differences | **(1,258)** | — |
| Total comprehensive loss for the year | **(30,426)** | (46,158) |
| **Attributable to:** | | |
| Owners of the Company | **(28,061)** | (45,189) |
| Non-controlling interest | **(2,365)** | (969) |
| Total comprehensive loss for the year | **(30,426)** | (46,158) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 June | |
|---|---|---|---|
| | | **2016** | 2015 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **6,353** | 6,935 |
| Investment properties | | **29,426** | 29,660 |
| Exploration and evaluation assets | *8* | **50,048** | 31,729 |
| Goodwill | | **3,334** | 3,334 |
| Held-to-maturity financial assets | | **48,452** | — |
| | | **137,613** | 71,658 |
| **Current assets** | | | |
| Inventories | *9* | **28,517** | 15,559 |
| Trade receivables | *10* | **8,625** | 5,447 |
| Prepayments, deposits and other receivables | | **6,562** | 5,721 |
| Cash and bank balances | | **157,565** | 260,293 |
| | | **201,269** | 287,020 |
| **Total assets** | | **338,882** | 358,678 |
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | | **259,184** | 259,184 |
| Other reserves | | **214,059** | 218,010 |
| Accumulated losses | | **(175,048)** | (151,164) |
| | | **298,195** | 326,030 |
| Non-controlling interest | | **25,726** | 17,917 |
| **Total equity** | | **323,921** | 343,947 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **898** | 747 |
| **Current liabilities** | | | |
| Trade payables | *11* | **5,700** | 3,622 |
| Accrued charges and other payables | | **8,363** | 10,362 |
| | | **14,063** | 13,984 |
| **Total liabilities** | | **14,961** | 14,731 |
| **Total equity and liabilities** | | **338,882** | 358,678 |
| **Net current assets** | | **187,206** | 273,036 |

# 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 is 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.

### (a) Changes in accounting policy and disclosures

(i) Adoption of new/amended accounting standards for the year ended 30 June 2016

In the current financial year, the Group has adopted the following relevant new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by the HKICPA:

| | |
|---|---|
| HKAS 1 (Amendments) | Disclosure Initiative |
| HKAS 16 and HKAS 38 (Amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation |
| HKAS 16 and HKAS 41 (Amendments) | Agriculture: Bearer Plants |
| HKAS 27 (Amendments) | Equity Method in Separate Financial Statements |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2012–2014 Cycle |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| HKFRS 10, HKFRS 12 and HKAS 28 (Amendments) | Investment Entities: Applying the Consolidation Exception |
| HKFRS 11 (Amendments) | Accounting for Acquisitions of Interests in Joint Operations |
| HKFRS 14 | Regulatory Deferral Accounts |

(ii) New and amended standards have been issued but are not effective for the financial year beginning 1 July 2016 and have not been early adopted

The following new and amended standards have been issued but are not effective for the financial year beginning 1 July 2016 and have not been early adopted by the Group:

| | |
|---|---|
| HKAS 7 (Amendments) | Disclosure Initiative[1] |
| HKAS 12 (Amendments) | Recognition of Deferred Tax Assets for Unrealised Losses[1] |
| HKFRS 2 (Amendments) | Classification and Measurement of Share-based Payment Transactions[2] |
| HKFRS 9 | Financial Instruments[2] |
| HKFRS 15 (Amendments) | Clarifications to HKFRS 15[2] |
| HKFRS 15 | Revenue from Contracts with Customers[1] |
| HKFRS 16 | Leases[3] |

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

*New and revised standards on HKFRS 15 "Revenue from Contracts with Customers"*

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

HKFRS 15 replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related Interpretations on revenue recognition: HK(IFRIC) — Int 13 "Customer Loyalty Programmes", HK(IFRIC) — Int 15 "Agreements for the Construction of Real Estate", HK(IFRIC) — Int 18 "Transfers of Assets from Customers" and HK(SIC) — Int 31 "Revenue-Barter Transactions Involving Advertising Services".

*New and revised standards on HKFRS 16 "Leases"*

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17, which does not require the recognition of a right-of-use asset or lease liability for lessees of operating leases, but for which disclosures are made in relation to lease commitment

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Except as described above, the Directors of the Company anticipate that the application of the other above new and revised HKFRS will have no material impact on the results and the consolidated financial position of the Group.

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

## 3. REVENUE

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Network solutions and project services fee | **25,030** | 20,621 |
| Rental income | **1,321** | 1,411 |
| | **26,351** | 22,032 |

## 4. SEGMENT INFORMATION

The Group's reportable operating segments are: (i) network solutions and project services; (ii) property investment; (iii) yacht building; and (iv) minerals 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 year ended 30 June 2016**

| | Network solutions and project services<br>*HK$'000* | Property investment<br>*HK$'000* | Yacht building<br>*HK$'000* | Minerals exploration<br>*HK$'000* | Total<br>*HK$'000* |
|---|---|---|---|---|---|
| Segment revenue | **25,030** | **1,321** | **—** | **—** | **26,351** |
| Segment results | **5,673** | **1,009** | **—** | **—** | **6,682** |
| Depreciation of property, plant and equipment | **(94)** | **—** | **(92)** | **(340)** | **(526)** |
| Fair value gain on investment properties | **—** | **1,008** | **—** | **—** | **1,008** |
| Write-off of exploration and evaluation assets | **—** | **—** | **—** | **(507)** | **(507)** |
| Unallocated expenses *(Note a)* | | | | | **(36,515)** |
| Interest income | | | | | **841** |
| Loss before taxation | | | | | **(29,017)** |
| Other segment information: | | | | | |
| Capital expenditure *(Note b)* | **25** | **—** | **177** | **18,847** | **19,049** |
| Unallocated capital expenditure | | | | | **61** |
| | | | | | **19,110** |

*Notes:*

(a) Unallocated expenses mainly include unallocated employee benefit expenses 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 2015

| | Network solutions and project services *HK$'000* | Property investment *HK$'000* | Yacht building *HK$'000* | Minerals exploration *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| Segment revenue | 20,621 | 1,411 | — | — | 22,032 |
| Segment results | 5,431 | 1,117 | — | — | 6,548 |
| Depreciation of property, plant and equipment | (34) | — | (57) | (360) | (451) |
| Fair value loss on investment properties | — | (2,925) | — | — | (2,925) |
| Write-off of exploration and evaluation assets | — | — | — | (1,805) | (1,805) |
| Unallocated expenses *(Note a)* | | | | | (49,085) |
| Interest income from bank deposits | | | | | 1,104 |
| Loss before taxation | | | | | (46,614) |
| Other segment information: | | | | | |
| Capital expenditure *(Note b)* | 1 | — | 13 | 25,133 | 25,147 |
| Unallocated capital expenditure | | | | | 50 |
| | | | | | 25,197 |

*Notes:*

(a) Unallocated expenses mainly include unallocated employee benefit expenses and share-based payment 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 2016**

| | **Network solutions and project services** *HK$'000* | **Property investment** *HK$'000* | **Yacht building** *HK$'000* | **Minerals exploration** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|---|
| Total segment assets | **10,895** | **29,899** | **31,010** | **50,831** | **122,635** |
| Unallocated: | | | | | |
| Cash and bank balances | | | | | **157,565** |
| Other unallocated assets | | | | | **58,682** |
| Consolidated total assets | | | | | **338,882** |

For the year ended 30 June 2015

| | Network solutions and project services *HK$'000* | Property investment *HK$'000* | Yacht building *HK$'000* | Minerals exploration *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| Total segment assets | 8,387 | 30,075 | 16,156 | 32,734 | 87,352 |
| Unallocated: | | | | | |
| Cash and bank balances | | | | | 260,293 |
| Other unallocated assets | | | | | 11,033 |
| Consolidated total assets | | | | | 358,678 |

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 and yacht building

Mainland China : Property investment

Mongolia : Mineral exploration

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

| | Non-current assets | | Revenue | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hong Kong | **67,159** | 19,461 | **25,452** | 21,035 |
| Mainland China | **19,656** | 19,400 | **899** | 997 |
| Mongolia | **50,798** | 32,797 | **—** | — |
| | **137,613** | 71,658 | **26,351** | 22,032 |

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$11,541,000 (2015: HK$2,974,000) is derived from a single (2015: a single) largest customer who accounted for 10% or more of the Group's revenue. The revenue is attributable to the segment of network solutions and project services in Hong Kong.

## 5. OTHER EXPENSES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Auditor's remuneration | | |
| — Audit services | **1,360** | 1,300 |
| — Overprovision in prior year | **(10)** | — |
| — Non-audit services | **22** | 21 |
| Direct operating expenses from investment properties that generate rental income | **312** | 294 |
| Exchange gain — net | **(11)** | (172) |
| Write-off of exploration and evaluation assets *(Note 8)* | **507** | 1,805 |
| Operating lease rentals for land and buildings | **2,507** | 5,295 |
| Share-based payment (excluding directors and employee) | **—** | 16,817 |
| Legal and professional fee | **5,141** | 1,954 |
| Reimbursement of sharing of administrative services on a cost basis | **9,486** | — |

## 6. INCOME TAX (EXPENSES)/CREDIT

No Hong Kong profits tax has been provided (2015: nil) as the Group did not have assessable profit 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.

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax | **—** | — |
| Deferred tax | | |
| — Origination of temporary differences | **(151)** | 456 |
| Total income tax (expense)/credit | **(151)** | 456 |

## 7. 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.

| | **2016** | 2015 |
|---|---|---|
| Loss attributable to owners of the Company (HK$'000) | **(26,803)** | (45,189) |
| Weighted average number of ordinary shares in issue (in thousands) | **2,591,839** | 2,538,394 |

### (b) Diluted

The calculation of the diluted loss per share for the year ended 30 June 2016 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.

The share options issued by the Company were not assumed to be exercised as they would have anti-dilutive impact to the basic loss per share for the year ended 30 June 2016 and 2015.

## 8. EXPLORATION AND EVALUATION ASSETS

The Group owns mineral exploration licences in southern and western parts 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.

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| At beginning of the year | **31,729** | 9,001 |
| Additions | **18,826** | 24,533 |
| Written off *(Note)* | **(507)** | (1,805) |
| At end of the year | **50,048** | 31,729 |

*Note:* During the year ended 30 June 2016, the Group returned one (2015: four) exploration licence, which had no investment potential after due assessment by the Directors, to the Mongolian Government and wrote off the costs related to this licence.

## 9. INVENTORIES

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Raw materials | **2,438** | 3,399 |
| Work in progress | **25,897** | 11,748 |
| Finished goods | **182** | 412 |
| | **28,517** | 15,559 |

## 10. TRADE RECEIVABLES

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Trade receivables | **8,625** | 5,447 |

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:

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 1–30 days | **5,505** | 1,637 |
| 31–60 days | **630** | 700 |
| 61–90 days | **324** | 651 |
| Over 91 days | **2,166** | 2,459 |
| | **8,625** | 5,447 |

As of 30 June 2016, trade receivables of HK$2,892,000 (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 and we are in litigation proceeding in which the management consider these amount are highly probable to be recovered. The ageing analysis by due date of these trade receivables is as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Past due 1–30 days | **572** | 1,837 |
| Past due 31–60 days | **256** | 379 |
| Past due 61–90 days | **435** | 239 |
| Past due 91–180 days | **1,629** | 1,794 |
| | **2,892** | 4,249 |

## 11. TRADE PAYABLES

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–30 days | **2,487** | 2,462 |
| 31–60 days | **183** | 456 |
| 61–90 days | **653** | 73 |
| 91–180 days | **2,377** | 631 |
| | **5,700** | 3,622 |

The carrying amounts of trade payables approximate their fair values.

## 12. CAPITAL COMMITMENTS

The total capital expenditure of exploration activities in Mongolia which is authorised by management of the Group but not contracted for as at 30 June 2016 amounts to HK$18,516,000 (2015: HK$52,413,000). 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$9,443,000 (2015: HK$26,731,000).

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Exploration drilling | **5,742** | 11,631 |
| Yacht building | **5,849** | 6,819 |
| | **11,591** | 18,450 |

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2015: nil).

### 13. EVENT AFTER THE REPORTING PERIOD

On 15 September 2016, the Board of Directors proposed to the shareholders that: (i) the issued share capital of the Company be reduced from HK$259,183,889.20 to HK$25,918,388.92 (the "**Capital Reduction**") by the cancellation of HK$0.09 paid up capital on each issued share so that each issued share shall be treated as one fully paid up share of par value HK$0.01 each in the capital of the Company; and (ii) the par value of each authorised but unissued share be reduced from HK$0.10 to HK$0.01, such that the authorised share capital of the Company shall be reduced from HK$2,000,000,000.00 to HK$200,000,000.00 and that the credit arising from the Capital Reduction in the amount of approximately HK$233,265,500.28 be credited towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) be transferred to the share premium account of the Company. The Capital Reduction is subject to fulfillment of certain conditions and approvals by the shareholders and governmental authorities and therefore it has not been completed as at the date of this announcement.

## REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 30 June 2016. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2016 have been agreed by the Group's independent auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

    The business environment for NSPS during the Financial Year was tough and challenging. The total revenue achieved during the Financial Year was HK$25.0 million (2015: HK$20.6 million). Despite the revenue amount achieved a growth of around 21.4% year-over-year, segment results remained flat at HK$5.7 million (2015: HK$5.4 million).

    NSPS earns its revenue through the sale of telecom solutions, enterprise solutions, system maintenance and project services. The annual revenue breakdown was as follows: (i) revenue from telecom solutions was approximately HK$4.2 million (2015: HK$7.7 million); (ii) revenue from enterprise solutions was HK$4.2 million (2015: HK$4.6 million); (iii) revenue from system maintenance was HK$2.8 million (2015: HK$2.9 million); and (iv) revenue from project services was HK$13.8 million (2015: HK$5.4 million).

    Hong Kong's economic growth slowed further during the Financial Year. The domestic economy lost growth momentum because of the weak global outlook with rising downside risks hurt the local economic sentiment. The continued slowdown in inbound tourism also posed a severe threat on retail sales in Hong Kong with noticeable closure of many retail outlets. Apart from the poor economic climate, various technical partners of NSPS have introduced more Hong Kong resellers in recent year. Accordingly, NSPS faces intense competition in a crowded market.

    By reviewing the revenue earned during the Financial Year in detail, a worrying trend of diminishing in both contractual amount and profit margin for each sales order was identified. The revenue from project services recorded a twofold increase but its profit margin was significantly lower than the other types of revenue income. The low profit margin was due to the low contracting fee offered by the cellular operators and fix network operators in respect of the cellular site installation and structural cabling works. Furthermore, severe competition among contractors also squeezed the profit margin. For the sale of telecom solutions, it earned the highest profit margin. Unfortunately, there was a 45.5% dropped in revenue when compared to last year. The drop was due to Hong Kong telecom operators became more conservative in making capital investments in their network in view of the subdued economic environment. For the revenue from the sale of enterprise solutions, it also recognised a drop in the profit margin. It was because the pricing of infrastructure hardware and equipment for enterprise solutions became more transparent in digital age. All listed prices could be easily identified over the internet. Besides, NSPS was forced to lower quoted price as well as suppressing gross profit margin in order to secure purchase orders from clients in response to keen market competition. Though the gross profit of maintenance works was the highest, the revenue from the maintenance contracts dropped after our supply agreement with Microsemi was terminated during the Financial Year. Apart from losing maintenance contracts to Microsemi's new service partner in Hong Kong, some clients did not renew their maintenance contracts to save costs.

In previous financial years, we carried out certain project services in Hong Kong on behalf of a contractor and the related contract sum together with other variation orders of HK$2.4 million was in dispute. NSPS had commenced two legal actions respectively against this contractor. During the Financial Year, one of these litigations was ruled by the Hong Kong court in our favour and NSPS recovered an amount of approximately HK$0.3 million. The court hearing for the remaining legal case is pending and therefore no progress has been reached at the date of this announcement.

**2.** ***Property Investment***

All the Group's investment properties were fully rented out during the Financial Year.

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

During the Financial Year, the building of the keel and installation of main engines were finished. The yacht building team was working on the hull planking, engine shaft and steering alignment. Other major components of the yacht such as deck crane, generator and chiller systems were ordered and arrived at the shipyard for future installation.

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

Our joint venture currently owns four mineral exploration licences (licence numbers XV-12999, XV-13593, XV-13595 and XV-13598) in Khovd and Gobi-Altay of Mongolia. The potential mineralization in these licensed areas is gold, copper, molybdenum and silver. The 2015 exploration program was completed during the Financial Year and the exploration results were reviewed thoroughly by our in-house geologist. Based on the geological data on hand, our geologist concluded that all our previous works on these licences were still in the mineral prospecting and exploration stage. A new exploration plan for 2016 was formulated by our geologist. For licence number XV-13598, the key exploration activities would cover core drilling of total depth of 2,000 meters in four target areas. For licence number XV-12999, the key exploration activities would cover target mapping, geophysical survey and core drilling of total depth of 3,000 meters. For licence number XV-13593, the key exploration activities would cover target mapping and geophysical survey. For licence number XV-13595, the key exploration activities would be geophysical survey.

## Financial Review

**1.** ***Results Analysis***

For the Financial Year, the Group's revenue increased 19.6% to HK$26.4 million (2015: HK$22.0 million). Around 95.0% of the Group's revenue was generated from the NSPS business segment (2015: 93.6%).

The investment properties of the Group were revalued on an open market basis by an independent qualified valuer. The carrying value of the investment properties as at 30 June 2016 decreased by approximately HK$0.2 million to HK$ 29.4 million (2015: HK$29.6 million). The net decrease in carrying values consisted of (i) fair value gain of HK$1.0 million and (ii) loss on currency translation of HK$1.2 million due to the weakening of Renminbi during the Financial Year in respect of our investment properties in PRC.

The sharp dropped in both of the employee benefit expenses and other expenses was mainly due to the absence of share options granted during the Financial Year. In the last financial year, a total of 68,000,000 share options were granted to the Directors and other eligible participants. Corresponding share based payment expenses of HK$10.1 million and HK$16.8 million were recorded in employee benefit expenses and other expenses respectively.

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

As at 30 June 2016, the capital and reserves attributable to the shareholders of the Company was HK$298.2 million (2015: HK$326.0 million).

During the Financial Year, the Company had invested a total of HK$48.3 million in two corporate bonds with good credit rating in order to enjoy a better and stable return on cash for the Group. For details, please refer to the Company's announcements dated 4 and 24 May 2016 respectively.

In 2013, the Company placed its new shares under general mandate and raised approximately HK$102.8 million. The net placing proceeds were intended to be applied for acquisition of assets and/or businesses. As at 30 June 2016, the net proceeds had not been utilized. The Company has no present intention to change the intended use of these net proceeds.

During the Financial Year, 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 from the subscriptions of new shares of the Company would be approximately HK$1,224 million. The net proceeds from the subscriptions were intended to apply towards technology integration and an extension of the existing information technology business of the Group. Completion of the subscriptions was subject to certain conditions precedent. In view of some of the conditions precedent to completion could not be fulfilled, the Company entered into termination agreements with the subscribers to terminate the subscriptions. The Directors are of the view that such termination of subscriptions would have no material adverse impact on the financial position and the existing operations of the Group.

As at 30 June 2016, the Group had no bank or other borrowings (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 30 June 2016 (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 30 June 2016, the Group did not have material contingent liabilities (2015: nil).

**Business Outlook & Development**

From the statistics released by the Hong Kong government, the Hong Kong economy regains some growth momentum in second quarter of 2016. The global economy outlook remains subdue. The unexpected UK referendum voted in favour of leaving the European Union casts further uncertainty to the global business environment.

Against this backdrop, the NSPS is going to face another rough ride in the year ahead. By the end of June 2016, the total contract sum on hand for NSPS was approximately HK$11.6 million. Among them, HK$3.6 million belonged to network solutions services and maintenance works, whilst the remaining HK$8.0 million belonged to the project services and the orders were mainly coming from a single mobile telecom operator in Hong Kong.

Through our job experience in telecommunication sector, we have identified business potential in other business segments that needs to resolve communication problems in large open area. For example, construction sites in which voice, video or data communications are required but having difficulty in laying cables in traditional ways due to geographical reason. We hope that our wireless broadband solutions can explore this market.

In order to enhance our technical capabilities as a solution provider, NSPS has continued to enlist more reliable technical partners. For example, NSPS has partnered with AOpen (a Taiwan corporation) recently to promote its digital signage solutions to our potential clients. AOpen has the competitive edge of having a broad product portfolio which is capable to meet the needs of a diversified client base. The digital signage solutions from AOpen will be promoted by our enterprise solutions team in the coming financial year.

The surge of project services revenue during the Financial Year was due to the reason that NSPS entered into a cellar site installation contract with a Hong Kong mobile telecom operator in March 2015. This cellar installation contract was expired in August 2016 and we have submitted a tender to renew the cellular site installation contract for another two years. Based on the current available information, we have a high chance to win the tender. In order to diversify the revenue bases of project services, we are taking a proactive approach to identify new sources of income based on our expertise. For example, we have registered with different governmental departments to be their qualified minor works contractor and installation supplier.

In order to enhance shareholder value, the Group will continue to seek new investment opportunities in Hong Kong and Mainland China from time to time.

## EMOLUMENT POLICY

As at 30 June 2016, the Group had employed a total of 30 full-time employees (2015: 29) 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 to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of shareholders and investors.

During the Financial Year, the Company had applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), save for the following deviations:

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

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

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

None of the existing Non-executive Directors is appointed for a specific term which constitutes a deviation from the code provision A.4.1 of the CG Code. However, they are subject to retirement by rotation in accordance with the provisions of the Articles of Association (the "**Articles**") of the Company. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the CG Code.

iii. Code provisions A.5.1 to A.5.4 of the CG Code require a nomination committee to be set up, chaired by the chairman of the board or an independent non-executive director to review the structure, size and composition of the board at least annually to complement the issuer's corporate strategy.

The Company has not set up a nomination committee as required. The Board considers that it should be the responsibility of the full Board to review these matters and make decisions from time to time. The Board has already set out the criteria for selection of a director under its internal policy. According to Articles of the Company, any newly appointed Directors are required to offer themselves for re-election at the next general meeting. Furthermore, the Director re-election process participating by the shareholders in the annual general meeting (the "**AGM**") and the rights of shareholders to nominate a Director both ensure a right candidate to be selected to serve the Board effectively.

iv. Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM of the Company.

Due to another business engagement, the chairman of the Board did not attend the 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. The chairman of the Audit and Remuneration committees of the Company was also present and available to answer questions at the 2015 AGM.

## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by the Directors (the "**Code**") and Written Guidelines for Securities Transactions by Employees of the Group (the "**Employees' Guidelines**") who are likely to be in possession of unpublished inside information, which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**").

During the period of sixty days immediately preceding and including the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to and including the publication date of the annual results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

During the period of thirty days immediately preceding and including the publication date of the half year results or, if shorter, the period from the end of the relevant financial quarterly or half year period up to and including the publication date of the half year results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

The Company Secretary will send reminders prior to the commencement of such period to all Directors and relevant employees.

Having made specific enquiry by the Company, all Directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Year.

## AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive Directors. Mr. Lau Wai Piu is the chairman of the Audit Committee. He has appropriate professional qualifications, accounting and related financial management expertise.

Composition of Audit Committee:

Mr. Lau Wai Piu *(chairman of the Audit Committee)*
Mr. Tsui Hing Chuen, William *JP*
Mr. Lee Kee Wai, Frank

The Audit Committee has reviewed the consolidated financial statements for the Financial Year of the Group.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (**www.hkexnews.hk**) and the Company (**www.visionvalues.com.hk**) respectively. The annual report of the Company for the Financial Year containing all the information required by the Listing Rules will be dispatched 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, 19 September 2016

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