VISION VALUES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

The board (the "**Board**") of directors (the "**Directors**") of Vision Values Holdings Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 31 December 2013 (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 2013

		Six months ended 31 December	
	Notes	**2013** *HK$'000* **(unaudited)**	2012 *HK$'000* (unaudited)
Revenue	*2*	**10,942**	25,000
Other income		**310**	266
Changes in inventories of finished goods and work in progress		**(5,638)**	(7,345)
Subcontracting fees for project services		**(1,247)**	(11,293)
Other gains	*3*	**–**	540
Employee benefit expenses		**(3,555)**	(3,568)
Depreciation		**(184)**	(150)
Other expenses	*4*	**(2,293)**	(2,811)
Fair value (loss)/gain on investment properties		**(302)**	2,398
(Loss)/profit before taxation		**(1,967)**	3,037
Income tax credit/(expense)	*5*	**108**	(488)
(Loss)/profit for the period		**(1,859)**	2,549
(Loss)/earnings per share attributable to owners of the Company during the period (HK cents)	*6*		
			(Restated)
– Basic		**(0.09)**	0.17
– Diluted		**(0.09)**	0.17

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2013

	Six months ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss)/profit for the period	**(1,859)**	2,549
Other comprehensive income/(expense):		
– Currency translation differences	**377**	–
– Reclassification adjustment of exchange differences on deregistration of a subsidiary	**–**	(117)
Total comprehensive (expense)/income for the period	**(1,482)**	2,432

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	As at 31 December 2013 HK$'000 (unaudited)	As at 30 June 2013 HK$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**672**	770
Investment properties		**37,656**	37,586
Goodwill		**3,334**	3,334
		41,662	41,690
Current assets			
Inventories		**2,627**	2,152
Trade receivables	*7*	**6,801**	6,439
Prepayments, deposits and other receivables		**1,592**	804
Cash and bank balances		**295,368**	128,982
		306,388	138,377
Total assets		**348,050**	180,067
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**253,557**	141,038
Other reserves		**173,941**	115,715
Accumulated losses		**(93,754)**	(91,895)
Total equity		**333,744**	164,858

	Notes	As at 31 December 2013 HK$'000 (unaudited)	As at 30 June 2013 HK$'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**1,089**	1,197
Current liabilities			
Trade payables	*8*	**5,178**	5,380
Accrued charges and other payables		**8,039**	8,632
		13,217	14,012
Total liabilities		**14,306**	15,209
Total equity and liabilities		**348,050**	180,067
Net current assets		**293,171**	124,365
Total assets less current liabilities		**334,833**	166,055

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 2013 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 accounts for the year ended 30 June 2013.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**"), HKASs and interpretations (collectively the "**new and revised HKFRSs**") which are effective for accounting periods beginning on or after 1 July 2013. The Group has applied the following the new and revised HKFRSs issued by the HKICPA during the period:

HKAS 19 (As revised in 2011)	Employee Benefits
HKAS 27 (As revised in 2011)	Separate Financial Statements
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the new and revised HKFRSs has had no significant financial effect on the results and financial position of the Group for the current and prior accounting periods except as stated below:

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad, it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not early applied those new or revised HKFRSs that have been issued but are not yet effective. The Directors 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 and (ii) property investment.

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reports 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 noted below, to the Directors is measured in a manner consistent with that in the 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 2013

	Network solutions and project services *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Segment revenue	**10,183**	**759**	**10,942**
Segment results	**2,741**	**616**	**3,357**
Depreciation on property, plant and equipment	**(129)**	**(23)**	**(152)**
Unallocated expenses (Note)			**(5,180)**
Interest income from bank deposits			**310**
Fair value loss on investment properties			**(302)**
Loss before taxation			**(1,967)**

Note: Unallocated expenses mainly include unallocated employee benefit expenses.

The segment revenue and results for the six months ended 31 December 2012

	Network solutions and project services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue	24,498	502	25,000
Segment results	5,238	354	5,592
Depreciation on property, plant and equipment	(33)	–	(33)
Unallocated expenses (Note)			(5,725)
Interest income from bank deposits			265
Fair value gain on investment properties			2,398
Other gains *(Note 3)*			540
Profit before taxation			3,037

Note: Unallocated expenses mainly include unallocated employee benefit expenses.

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

For the period ended 31 December 2013

	Network solutions and project services ***HK$'000***	**Property investment** ***HK$'000***	**Total** ***HK$'000***
Total segment assets	**10,316**	**38,822**	**49,138**
Unallocated:			
Cash and bank balances			**295,368**
Other unallocated assets			**3,544**
Consolidated total assets			**348,050**

For the year ended 30 June 2013

	Network solutions and project services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Total segment assets	8,745	37,665	46,410
Unallocated:			
Cash and bank balances			128,982
Other unallocated assets			4,675
Consolidated total assets			180,067

3. OTHER GAINS

	Six months ended 31 December 2013 HK$'000	2012 HK$'000
Gain on exchange differences on deregistration of a subsidiary	–	117
Gains on bargain purchases	–	423
	–	540

4. OTHER EXPENSES

Major expenses included in other expenses are analysed as follows:

	Six months ended 31 December 2013 HK$'000	2012 HK$'000
Auditor's remuneration	**450**	415
Direct operating expenses from investment properties that generate rental income	**144**	68
Direct operating expenses from an investment property that do not generate rental income	–	43
Exchange (gain)/loss – net	**(15)**	76
Operating lease rentals for land and building	**423**	285

5. INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated 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 2013 HK$'000	2012 HK$'000
Current tax		
– Hong Kong profits tax	–	(414)
Deferred tax		
– Reversal/(origination) of temporary differences	**108**	(74)
Total income tax credit/(expense)	**108**	(488)

6. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the period attributable to owners of the Company, as used in the calculation of basic and diluted (loss)/earnings per share	**(1,859)**	2,549

	Six months ended 31 December	
	2013	2012
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share *(Note)*	**2,117,653**	1,482,167

Note: Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share for the periods ended 31 December 2013 and 2012 as the share options have no dilutive impact for both periods. The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 31 December 2013 and 31 December 2012 have been adjusted for the bonus element of the rights issue completed on 23 July 2013.

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 2013	As at 30 June 2013
	HK$'000	*HK$'000*
1–30 days	**3,123**	1,282
31–60 days	**717**	736
61–90 days	**221**	280
91–180 days	**198**	4,141
Over 180 days	**2,542**	–
	6,801	6,439

As of 31 December 2013, trade receivables of HK$4,019,000 (30 June 2013: HK$5,163,000) were due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

8. TRADE PAYABLES

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

	As at 31 December 2013 *HK$'000*	As at 30 June 2013 *HK$'000*
0–30 days	**3,277**	2,857
31–60 days	**166**	140
61–90 days	**38**	16
91–180 days	**1,697**	2,367
	5,178	5,380

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Financial Period (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The revenue achievement was far from satisfactory. The total revenue achieved for the Financial Period was HK$10.2 million (2012: HK$24.5 million) with gross profit of HK$2.7 million (2012: HK$5.2 million).

Among the achieved revenue, HK$7.5 million was generated from the sales of network solutions and the remaining was generated from the project services division. By the end of the Financial Period, the sum of projects on hand was around HK$9.6 million.

As stated in the Company's 2013 annual report, the high inflation rate and keen competition in Hong Kong would affect the business performance of NSPS. Apart from them, the unsatisfactory results for NSPS was due to large scale projects were not available in the Financial Period. Many projects under discussion originally scheduled to start in this Financial Period were delayed to either end of 2013 or even in early 2014. For instance, one mobile operator in Hong Kong initially planned to grant a project of HK$5.0 million to the Group and this project should be completed during the Financial Period. However, due to cost concern, this project was finally awarded to the Group at the end of the Financial Period but the project size was trimmed to HK$3.0 million only.

For the project services division, the main revenue income was generated from the structure cabling work with a Hong Kong telecommunications company. Besides, some radio system installation and dismantle works were conducted in the past few months for the Hong Kong Government. However, the scale of these projects was relatively smaller.

For the network solution sales, the revenue generated from the sales of telecom solutions and enterprise solutions were roughly the same. By comparing to the same period in 2012, the revenue generated from telecom solutions was dropped by approximately 50% whilst the revenue generated from enterprise solutions was increased by around 49%.

2. *Property Investment*

The rental income during the Financial Period was HK$0.8 million (2012: HK$0.5 million). The marked increase in rental income was due to the expansion of the properties portfolio in last financial year. All the Group's investment properties were fully rented out as at 31 December 2013.

Financial Review

1. *Results Analysis*

For the Financial Period, the Group's revenue dropped 56.4% to HK$10.9 million (2012: HK$25.0 million). Around 93.1% (2012: 98.0%) of the Group's total revenue was generated from the NSPS business segment.

The Group's investment properties were revalued at the end of the Financial Period on an open market value basis by an independent qualified valuer. A revaluation loss of HK$0.3 million (2012: revaluation gain of HK$2.4 million) was recorded for the Financial Period.

Loss for the Financial Period was approximately HK$1.9 million (2012: Profit of HK$2.5 million)

2. *Liquidity and Financial Resources*

As at 31 December 2013, the capital and reserves attributable to the shareholders of the Company was HK$333.7 million (30 June 2013: HK$164.9 million). The sharp increase in capital and reserves was due to two fund raising exercises made by the Company during the Financial Period with details as follows:

(a) On 23 July 2013, the Company completed a rights issue of 705,190,345 ordinary shares of HK$0.1 each at a subscription price of HK$0.1 per share. The net proceeds from the rights issue were approximately HK$67.5 million; and

(b) On 18 December 2013, the Company completed a placing of 420 million new ordinary shares of HK$0.1 each at a placing price of HK$0.25 per share. The net proceeds from the placing were approximately HK$102.8 million.

As at 31 December 2013, the Group had no bank or other borrowings (2012: 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 2013 (2012: Nil).

4. *Foreign Exchange*

The key operations of the Group are located in Hong Kong and the People's Republic of China. 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 arises.

5. *Contingent liabilities*

As at 31 December 2013, the Group did not have material contingent liabilities (2012: Nil).

Business Outlook & Development

By the end of the Financial Period, the works in progress on hand for NSPS amounted to approximately HK$9.6 million. Among these works in progress, 80% belongs to the sales and maintenance works and the rest belongs to project services.

Most of the overseas vendors working with us were suffered from different degree of adverse impacts since Eurozone crisis happened a few years ago. First of all, Channelot (a provider of mobile TV transmitter) closed their business in April 2013. RAD Data Communications (a provider of specialized networking equipment) has undergone group internal restructuring in 2013. On the other hand, Symmetricom Inc. (a maker of highly-precise timekeeping and frequency technologies) was completely acquired by Microsemi Corporation in November 2013. By being a distributor for these vendors, these changes are having direct impacts on the business of our NSPS segment.

The business relationship with RAD Data Communications is stabilized after its internal restructuring is completed. However, the business with Symmetricom Inc. is slowed down in the second quarter of the Financial Period. We hope that normal business will soon be resumed in early 2014 after Symmetricom Inc. complete its internal restructuring.

We expect there will be a continue slowdown in telecom solution business in the second half of the financial year 2013/2014 due to the above factors. We will strive to increase our business volume by working closely with other vendors such as Cambium Networks and Fluke Networks for promoting other systems to both the fixed and mobile operators in Hong Kong.

With the latest technology of the new 802.11ac standard of WiFi introduced to the market, Meru Networks is currently the only supplier capable to provide the WiFi access point with the highest speed of 1.3Gbps per radio under multi access point environment. Being its distributor in Hong Kong, we have competitive advantages over our competitors. We will put additional effort to promote the application of Meru's product in Hong Kong. We have already rolled out some advertising campaign such as advertisements in popular computing magazines in order to arouse market awareness. In addition, we are going to formulate different promotion campaigns to generate sales leads in 2014.

For the project service division, it had supplied and installed a point to multipoint broadband wireless communication system to one of the container terminals in December 2013 for both video surveillance and data collection at a moving crane. The trial installation is successful and we are now in discussion with the client to expand the trial system and hopefully it can eventually lead to the full implementation of the system in the client's terminal area. In the meantime, we shall explore the business opportunity into other similar market segments such as school campus, Government and construction sites etc.

As stated in the Company's 2013 annual report and the Company's announcements dated 2 September 2013 and 3 December 2013, the Company would continue to identify and seize suitable investment opportunities as and when they arise. After the Financial Period, the Company has commenced two new businesses in order to expand its business portfolio:

(a) A wholly owned subsidiary is established to carry on customized yacht construction and trading. It will not involve substantial capital investment since both ship building site and related facilities are rented from a shipyard in Hong Kong. The Group has already recruited a seasoned professional to lead this new business segment and it is aimed at the upscale market. The first model under construction is a yacht with length overall of approximately 41 meters and a speed of approximately 15–17 knots.

(b) The other new business is an investment in a joint venture which owns several mineral exploration interests in Mongolia. The Group owns 51% equity interest in this joint venture. At the date of this announcement, the joint venture has not yet formulated any exploration plans or entered into any commitments on the development of its mineral exploration interests. In the meantime, the potential of these exploration interests is under assessment by professional experts. If the joint venture considers it is appropriate to invest in the exploration of these mineral interests for resources development potential, all related costs will be shared by the joint venture partners in proportion to their respective equity interest in the joint venture. Apart from this joint venture, the Company has already established an office in Ulaanbaatar, Mongolia to identify and analyse new business opportunities in Mongolia.

The above new businesses are only at the early stage of development and no revenue contribution to the Group is expected in the foreseeable future. Apart from the above new business development, the Group will exercise its best endeavors to identify and consider new investment opportunities from time to time.

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 to protect and enhance the benefits of shareholders and their responsibilities to maintain the interest of the shareholders and to enhance their values. They also believe a good corporate governance practice can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of the shareholders and investors.

Throughout the Financial Period, the Company had applied the principles of and complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited, except 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 (the "**Chairman**") and has also been carrying 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 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. This constitutes a deviation from the code provision A.4.1 of the CG Code. However, they are subject to the retirement by rotation in accordance with the provisions of the Company's articles of association. 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 in 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 or 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 has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by both the potential Director and the Board as to suitability for the role.

iv. The code provision E.1.2 of the CG Code states that the chairman of the board should attend the annual general meeting ("**AGM**").

Due to other business engagement, the Chairman was unable to attend the 2013 AGM of the Company. An executive Director had chaired the 2013 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. A member of the Audit Committee and Remuneration Committee of the Company were also present and available to answer questions at the 2013 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 its Directors (the "**Code**") and Guidelines for Securities Transactions by Employees of the Group who are likely to be in possession of unpublished price sensitive information of the Company (the "**Employees' Guidelines**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Listing Rules.

In the period of 30 days immediately preceding and including the publication of the half year results or, if shorter, the period from the end of the relevant quarterly or half year period up to and including the publication date of the results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Code during the Financial Period.

HUMAN RESOURCES

As at 31 December 2013, the Group employed 21 full-time employees (30 June 2013: 22) in Hong Kong. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and business in which the Group operates. The remuneration policies of the Group are reviewed on a periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered 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
Lo Lin Shing, Simon
Chairman

Hong Kong, 21 February 2014

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