VISION VALUES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014

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**" or "**VVH**") for the year ended 30 June 2014 (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 2014

		Year ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**22,289**	37,284
Other income		**1,030**	480
Changes in inventories of finished goods and work in progress		**(11,654)**	(12,692)
Subcontracting fees for project services		**(3,118)**	(13,747)
Gain on disposal of investment properties		**–**	10,094
Fair value gain on investment properties		**235**	4,018
Other gains	*5*	**–**	2,275
Employee benefit expenses		**(15,699)**	(11,017)
Depreciation		**(458)**	(326)
Other expenses	*6*	**(6,809)**	(8,306)
(Loss)/profit before taxation		**(14,184)**	8,063
Income tax credit/(expense)	*7*	**27**	(506)
(Loss)/profit for the year		**(14,157)**	7,557

	Notes	Year ended 30 June 2014 HK$'000	2013 HK$'000
(Loss)/profit attributable to:			
Owners of the company		**(14,080)**	7,557
Non-controlling interest		**(77)**	–
		(14,157)	7,557
(Loss)/profit per share attributable to owners of the Company for the year (HK cents)			
			(Restated)
Basic and diluted (loss)/earning per share	*8*	**(0.61)**	0.51

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(14,157)**	7,557
Other comprehensive (expense)/income:		
Items that have been or may be subsequently reclassified to profit or loss:		
– Currency translation differences	**(195)**	536
– Reclassification adjustment of exchange differences on deregistration of subsidiaries	**–**	(1,812)
Other comprehensive expense for the year, net of tax	**(195)**	(1,276)
Total comprehensive (expense)/income for the year	**(14,352)**	6,281
Attributable to:		
– Owners of the company	**(14,275)**	6,281
– Non-controlling interest	**(77)**	–
Total comprehensive (expense)/income for the year	**(14,352)**	6,281

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,192**	770
Investment properties		**37,635**	37,586
Exploration and evaluation assets	*9*	**9,001**	–
Goodwill		**3,334**	3,334
		52,162	41,690
Current assets			
Inventories	*10*	**7,375**	2,152
Trade receivables	*11*	**5,279**	6,439
Prepayments, deposits and other receivables		**4,354**	804
Cash and bank balances		**277,481**	128,982
		294,489	138,377
Total assets		**346,651**	180,067
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**253,557**	141,038
Other reserves		**181,209**	115,715
Accumulated losses		**(105,975)**	(91,895)
		328,791	164,858
Non-controlling interest		**5,015**	–
Total equity		**333,806**	164,858

		As at 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**1,203**	1,197
Current liabilities			
Trade payables	*12*	**3,229**	5,380
Accrued charges and other payables		**8,413**	8,632
		11,642	14,012
Total liabilities		**12,845**	15,209
Total equity and liabilities		**346,651**	180,067
Net current assets		**282,847**	124,365
Total assets less current liabilities		**335,009**	166,055

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with 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.

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 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

New and amended standards adopted by and relevant to the Group

HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standards have no material impact on the Group's consolidated financial statements.

HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, structured entities and other off balance sheet vehicles. The new standard results only in additional disclosures.

HKFRS 13 "Fair value measurement", which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The new standard results only in additional disclosures.

The Directors anticipate that the application of the above new standards have no material impact on the amounts reported in the consolidated financial statements but will result in more disclosures in the consolidated financial statements.

The Group has not early adopted the following new and revised standards, amendments or interpretations to existing standards that have been issued but are not yet effective to the Group:

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[4]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[5]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 –2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[5]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective date of HKFRS 9 and Transitional Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[6]
HKFRS 15	Revenue from Contracts with Customers[7]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014 with limited exception
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014
6 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
7 Effective for annual periods beginning on or after 1 January 2017

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) 13 "Customer Loyalty Programmes", HK(IFRIC) 15 "Agreements for the Construction of Real Estate", HK(IFRIC) 18 "Transfers of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services".

The Group has assessed the impact of the above new/revised standards, amendments and interpretations and other than disclosed above, anticipated that the application of the new/revised standards, amendments and interpretations would have no significant impact to its results of operations and financial position.

3. REVENUE

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

	2014	2013
	HK$'000	*HK$'000*
Network solutions and project services fee	**20,767**	35,995
Rental income	**1,522**	1,289
	22,289	37,284

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 2014

	Network solutions and project services *HK$'000*	Property investment *HK$'000*	Yacht building *HK$'000*	Minerals exploration *HK$'000*	Total *HK$'000*
Segment revenue	**20,767**	**1,522**	**–**	**–**	**22,289**
Segment results	**4,841**	**1,216**	**–**	**–**	**6,057**
Depreciation of property, plant and equipment	**(54)**	**–**	**(13)**	**(68)**	**(135)**
Fair value gain on investment properties	**–**	**235**	**–**	**–**	**235**
Unallocated expenses *(Note a)*					**(21,371)**
Interest income from bank deposits					**1,030**
Loss before taxation					**(14,184)**
Other segment information					
Capital expenditure *(Note b)*	**24**	**–**	**227**	**9,897**	**10,148**
Unallocated capital expenditure					**736**
					10,884

Notes:

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

(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 2013

	Network solutions and project services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue	35,995	1,289	37,284
Segment results	8,401	1,001	9,402
Depreciation of property, plant and equipment	(69)	–	(69)
Gain on disposal of investment properties	–	10,094	10,094
Fair value gain on investment properties	–	4,018	4,018
Other gains *(Note 5)*			2,275
Unallocated expenses *(Note a)*			(18,133)
Interest income from bank deposits			476
Profit before taxation			8,063
Other segment information			
Capital expenditure *(Note b)*	206	27,690	27,896
Unallocated capital expenditure			229
			28,125

Notes:

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

(b) This relates to additions to property, plant and equipment and investment properties.

Segment Assets

For the year ended 30 June 2014

	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	**6,575**	**37,826**	**9,330**	**9,767**	**63,498**
Unallocated:					
Cash and bank balances					**277,481**
Other unallocated assets					**5,672**
Consolidated total assets					**346,651**

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

The Group is domiciled in Hong Kong and is operating in three main geographical areas:

Hong Kong	:	Network solutions and project services, property investment and yacht building
Mainland China	:	Property investment
Mongolia	:	Minerals exploration

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

	Non-current assets		Revenue	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**18,708**	18,253	**21,175**	36,645
Mainland China	**23,625**	23,437	**1,114**	639
Mongolia	**9,829**	–	**–**	–
	52,162	41,690	**22,289**	37,284

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$5,627,000 (2013: HK$13,019,000) is derived from two (2013: three) largest customers and each such customer amounted to 10% or more of the revenue. The revenue is attributable to the segment of network solutions and project services in Hong Kong.

5. OTHER GAINS

	2014	2013
	HK$'000	*HK$'000*
Gain on bargain purchases	**–**	423
Gain on disposal of property, plant and equipment	**–**	40
Gain on exchange differences on deregistration of subsidiaries	**–**	1,812
	–	2,275

6. OTHER EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**1,235**	900
Exchange (loss)/gain – net	**(52)**	82
Operating lease rentals for land and buildings	**1,520**	684

7. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2014	2013
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax	**–**	396
– Over-provision in prior year	**(33)**	(34)
Deferred tax		
– Origination of temporary differences	**6**	144
Total income tax (credit)/expense	**(27)**	506

8. (LOSS)/EARNING PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
(Loss)/earning attributable to owners of the Company, as used in the calculation of basic and diluted (loss)/earning per share	**(14,080)**	7,557

Number of shares

	'000	*'000*
		(Restated)
Weighted average number of ordinary shares in issue for calculating of basic and diluted (loss)/earning per share *(Note)*	**2,301,777**	1,482,167

Note: Diluted (loss)/earning per share is the same as basic (loss)/earning per share for the years ended 30 June 2013 and 2014 as the share options have no dilutive impact for both years. The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 30 June 2013 has been adjusted for the bonus element of the rights issue completed on 23 July 2013.

9. EXPLORATION AND EVALUATION ASSETS

During the year, the Group acquired 51% equity interest of a group of companies which owns mineral exploration licenses in southern and western parts of Mongolia. The additions of the exploration and evaluation assets subsequent to acquisition represent the geological and geophysical costs, drilling and exploration expenses directly attributable to exploration activities.

	2014
	HK$'000
Acquisition of subsidiaries *(Note)*	**361**
Additions	**8,640**
At end of the year	**9,001**

Note: On 2 January 2014, Creative Way Global Limited, a wholly owned subsidiary of the Company, entered into an acquisition agreement with Mr. Lo Lin Shing, Simon, chairman and executive director of the Company, for the acquisition of 51% equity interest in Blue Stream Enterprises Limited (the "**Blue Stream**") and its subsidiaries (collectively referred to as the "**Blue Stream Group**") which owns several mineral exploration licenses in southern and western parts of Mongolia. The consideration was US$1 (approximately HK$8) in cash. The acquisition was completed on 20 January 2014.

At the acquisition date, the Blue Stream Group has net liabilities of HK$660,000, which included cash of HK$39,000. The acquisition was considered as an assets acquisition and the Group identified and recognized the individual identifiable assets and liabilities acquired and allocated the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their fair values at the date of completion. In this regard, the initial cost of the exploration and evaluation assets amount included (i) the consideration paid, (ii) direct costs incurred directly attributable for the acquisition, and (iii) fair value of cash and bank balances and net liabilities of the Blue Stream Group acquired/assumed at the completion date. The net cash inflow of the acquisition was approximately HK$16,000

10. INVENTORIES

	2014	2013
	HK$'000	*HK$'000*
Raw materials	**3,400**	4
Work in progress	**3,739**	1,592
Finished goods	**236**	556
	7,375	2,152

11. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**5,279**	6,439

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:

	2014	2013
	HK$'000	*HK$'000*
1–30 days	**2,197**	1,282
31–60 days	**149**	736
61–90 days	**144**	280
Over 91 days	**2,789**	4,141
	5,279	6,439

As of 30 June 2014, trade receivables of HK$3,446,000 (2013: HK$5,163,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis by due date of these trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Past due 1–30 days	**559**	663
Past due 31–60 days	**98**	245
Past due 61–90 days	**270**	2,135
Past due 91–180 days	**2,519**	2,120
	3,446	5,163

None of the trade receivables were impaired as at 30 June 2014 (2013: Nil).

12. TRADE PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
0–30 days	**1,744**	2,857
31–60 days	**574**	140
61–90 days	**1**	16
91–180 days	**910**	2,367
	3,229	5,380

The carrying amounts of trade payables approximate their fair values.

13. CAPITAL COMMITMENTS

Capital expenditure of exploration activities in Mongolia is contributed by equity holders on a pro-rata basis which is authorised by the board of directors but has not been contracted for as at 30 June 2014 amounts to HK$7,962,000 (2013: Nil).

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

	2014	2013
	HK$'000	*HK$'000*
Exploration drilling	**2,192**	–
Yacht building	**3,879**	–
	6,071	–

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 2014. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2014 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 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

   It was a difficult year for NSPS. The achieved revenue for the Financial Year was unsatisfactory and recorded a drop of 42.3% to HK$20.8 million when compared to last year (2013: HK$36.0 million). The gross profit for the Financial Year was HK$4.8 million (2013: HK$8.4 million).

   Among the NSPS, the revenue from telecom solution was HK$9.7 million and HK$2.4 million was generated from system maintenance services.

   For the business of telecom solution, the sales cycle for the mobile and fix network operators took a longer lead time and some potential clients were lost to competitors at negotiation stage. In addition, we observed in this Financial Year that the telecom operators preferred to deal directly with vendors as they expected vendors were far more capable to offer them a comprehensive solution together with a competitive price. Such trend had affected our business and in turn we needed to lower our product margin in order to gain new orders. This was one of the reasons led to the drop of telecom solution sales revenue.

   Mergers and acquisitions happened in the sector of telecom vendors involving our long term business partners given rise to profound effect on our business. "Symetricom" was being acquired by "Microsemi" in November 2013 and thereafter Microsemi has introduced new partners in Hong Kong which lead to our direct competition with these new partners. Both of our selling price and profit margin were inevitably eroded due to fierce competition. Motorola Solutions also announced in early this year that their enterprise solutions covering WiFi systems, barcode scanners, RFID equipment and mobile computers were sold to Zebra (an enterprise label printing company). Currently, we do not expect any immediate negative impact to our sales of Motorola's WiFi solutions. However, we believe Zebra will adopt some sales strategy changes on the WiFi solutions that may affect us once the acquisition is completed by around end of 2014.

   Our data communication partner "RAD Data Communications" who has established their regional office in Hong Kong for almost 20 years serving the Southern China and South East Asia markets is going to close their Hong Kong office by the end of 2014. Their move signifies the prospect of telecommunications businesses in these regions will be tough and difficult.

   The revenue from the sale of enterprise solution was HK$4.9 million representing a marginal increase from last year. The business from enterprise solution remained stable due to the improvement in relationship building with existing clients by offering our best value added technical services. Our good working relationship as well as good technical support to clients has gained their confidence and trust.

Other than the above, the network solution sales for the Financial Year were also negatively affected by the following factors:

a) Inadequate sales support from our main WiFi system vendor "Motorola" hampered our ability to win new orders. Though we have signed up a new WiFi vendor "Meru Networks", we need time to increase market awareness of this new WiFi system;

b) Increased market competition and a high degree of market transparency forcing us to lower pricing and profit margin in order to secure new orders from clients;

c) The product range for both the enterprise and telecom solutions were not adequate and the recruitment of qualified sales representatives in Hong Kong was difficult which also accounted for the poor sales performance in the Financial Year.

Looking forward, we shall change our sales strategy in order to overcome the above mentioned difficulties.

The Project Service team achieved revenue of HK$3.8 million which was significantly lower than last year. It was due to the cellular base station installation works for mobile operators were completed in last year. In addition, the costs of engineering service were inflated due to increase in material and labour costs but no corresponding increase of service income from operators. The profit margin for project service was becoming slim.

2. *Property Investment*

The rental income during the Financial Year was HK$1.5 million (2013: HK$1.3 million). All the Group's investment properties were fully rented out as at 30 June 2014.

3. *Yacht Construction and Trading*

A wholly owned subsidiary was established during the Financial Year to carry on customized yacht construction and trading. The first model under construction in a shipyard rented by the Group in Aberdeen, Hong Kong is a luxury yacht with length overall of approximately 41 meters. The business model for the yacht construction and trading is aiming at the upscale market. During the Financial Year, high quality timber sourced from Myanmar was sawn to different shapes for yacht building purpose. Under current work plan, the construction of this first model will last for thirty months since July 2014.

4. *Exploration and Evaluation of Mineral Resources*

During the Financial Year, the Group invested in a joint venture (the "**JV**") with mineral exploration licenses in Mongolia. The Group owns 51% equity interest of the JV. The purpose of the JV is to discover if there is any existence of mineral resources and development potential on the mineral interests owned by the JV. Since April 2014, the JV implementing initial exploration at license number 13598X area and targeted to complete in July 2014. However, the initial exploration drilling is delayed and still underway to complete a total of 8,500 meters drilling in September 2014. The delay in initial exploration is causing by mechanical failure, geological complexity of the targeted area and also manpower constraint. Based on the recent report from our chief geologist, there was indication of potential gold and copper ore bodies in the target area under the initial exploration currently undertaking. As a result, our chief geologist advised second phase drilling was required in order to obtain more detailed and concrete results on the existence of these minerals for resources estimation and preliminary economic assessment. Accordingly, in July 2014, the JV parties agreed to increase the exploration commitment from HK$23.4 million to HK$69 million.

Financial Review

1. *Results Analysis*

For the Financial Year, the Group's revenue dropped 40.2% to HK$22.3 million (2013: HK$37.3 million). Around 93.2% of the Group's total revenue was generated from the NSPS business segment (2013: 96.5%).

Due to the shrinkage of business volume in respect of NSPS, the subcontracting fees for project services were also reduced substantially to HK$3.1 million (2013: HK$13.7 million).

During the Financial Year, the Company granted a total of 28,800,000 share options to an executive director and employees of the Group. The related share based payment expenses of HK$7.8 million (2013: HK$3.2 million) accounted for the increase in employee benefit expenses.

In the financial year ended 30 June 2013, the Group disposed of several investment properties and recorded a one-off gain of HK$10.1 million.

The property market in Hong Kong and Beijing, PRC remained fairly stable during the Financial Year therefore a slight increase in fair value of HK$0.2 million (2013: HK$4.0 million) was recognized.

2. *Liquidity and Financial Resources*

As at 30 June 2014, the capital and reserves attributable to the shareholders of the Company was HK$328.8 million (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 Year 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$67.6 million and intended to be applied for acquisition of assets and/or businesses should suitable opportunities become available. As at 30 June 2014, approximately HK$14.4 million was utilized for yacht construction and trading business and for contribution to the new JV which engaged in exploration of mineral resources in Mongolia; and

(b) On 18 December 2013, the Company completed a placing of 420,000,000 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 and intended to be applied for acquisition of assets and/or businesses should suitable opportunities become available. As at 30 June 2014, the net proceed had not been utilized.

The Company had no present intention to change the intended use of these net proceeds as set out in the announcements of the Company dated 13 June 2013 and 3 December 2013 respectively.

As at 30 June 2014, the Group has no bank or other borrowings (2013: 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 2014 (2013: Nil).

4. *Foreign Exchange*

The key operations of the Group are located in Hong Kong, the People's Republic of China and Mongolia. The Group's assets and liabilities are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The Group does not establish a foreign currency hedging policy. However, management of the Group continues to monitor foreign exchange exposure and will consider hedging significant currency exposures should the need arise.

5. *Contingent liabilities*

As at 30 June 2014, the Group did not have material contingent liabilities (2013: Nil).

Business Outlook & Development

As at 30 June 2014, the total orders on hand for NPSP was around HK$6.2 million. Among the orders on hand, approximately HK$3.2 million belongs to telecom and enterprise solutions, HK$1.6 million belongs to system maintenance services and HK$1.4 million belongs to project service.

As mentioned previously, Symmerticom was acquired by Microsemi. We expect sooner or later, most of the synchronization systems currently supplied by Symmetricom will be obsoleted since Microsemi is a component selling company instead of a system selling company. As a backup plan, we have approached two vendors namely OscilloQuartz and Time & Frequency Solutions for partnership co-operation. They offer similar products compatible to the systems which are currently provided by Symmetricom. We shall start promote the products from these two new vendors in parallel with our current products to our clients in the coming financial year to expand our product range. Apart from the backup plan, we are also preparing to source more new vendors to complement or as replacement products for RAD.

In the new financial year, we will focus on the sales of wireless solutions for both telecom and enterprise solution in particular on WiFi system, point to point and point to multipoint wireless broadband solution.

For the project service division, the main revenue income mainly comes from the cabling work with telecom operators in Hong Kong. In the past year, the division did try to change their focus in other areas but the course of change was slow and unsatisfactory. We note that the telecom operators in Hong Kong are going to introduce new projects such as implementation of gigabit-capable passive optical network and 4G network upgrade program etc. We will strive to win new orders from them.

In view of the persistent inflation and keen competition in Hong Kong, we do not expect a strong recovery of business for the NPSP in the near future. In light of the uncertain market situations, the Group will adopt a cautious approach to manage the business of NPSP.

The newly established yacht construction business is in the development stage. The first yacht model will only be released in 2017 according to the current work plan. Accordingly, revenue contribution from this business segment will not be foreseen until our first model is launched to the market. For the exploration and evaluation business in Mongolia, the JV has identified a target area for detailed evaluation. Based on the advice from our chief geologist, the exploration will be divided into two phases. The development prospect of this project will only be confirmed until all necessary exploration works are completed and samples are properly analysis by an accredited laboratory. In the interim, we expect operating losses from these two new businesses since they are only at the development stage. We also expect increase in Group administrative expenses such as increase in staff and rental for new office space etc.

Apart from the investments in two new businesses during the Financial Year, the Group will use best endeavours to identify and consider new investment opportunities from time to time.

HUMAN RESOURCES

As at 30 June 2014, the Group had employed 22 full-time employees (2013: 20) in Hong Kong and Mongolia. 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 businesses in which the Group operates. The remuneration policies of the Group are reviewed on 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.

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 2013 AGM. 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 and Remuneration committees of the Company were also present and available to answer questions at the 2013 AGM.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by the Directors (the "**Code**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**"). The Company has also established Written Guidelines for Securities Transactions by Employees of the Group (the "**Employees' Guidelines**") 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 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
Lo Lin Shing, Simon
Chairman

Hong Kong, 22 September 2014

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.