

Vision Values

The background features a complex, abstract geometric design. It consists of multiple overlapping, semi-transparent planes in shades of blue and red. These planes are arranged to create a sense of depth and perspective, resembling a futuristic architectural structure or a data visualization. Small, bright white and blue light points are scattered throughout the composition, adding a dynamic and high-tech feel.

Vision Values Holdings Limited

Stock Code: 862

Interim Report 2015/16

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I hereby present to the shareholders the interim results of Vision Values Holdings Limited (the "**Company**") and its subsidiaries, (collectively the "**Group**") for the six months period ended 31 December 2015 (the "**Financial Period**").

FINANCIAL RESULTS SUMMARY

- Revenue for the Financial Period was HK\$12.0 million (2014: HK\$11.6 million).
- Loss attributable to owners of the Company was HK\$12.8 million (2014: HK\$7.2 million).
- Loss per share attributable to owners of the Company was HK cents 0.49 (2014: HK cents 0.28).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

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

2. Property Investment

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

3. Yacht Construction and Trading

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

4. Exploration and Evaluation of Mineral Resources

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

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

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

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

FINANCIAL REVIEW

1. Results Analysis

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

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

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

2. Liquidity and Financial Resources

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

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

- (a) The net proceeds from the rights issue were approximately HK\$67.6 million and intended to be applied for acquisition of assets and/or businesses. As at 31 December 2015, approximately HK\$55.7 million was utilized for yacht construction and for contribution to the mineral exploration and evaluation business in Mongolia; and

- (b) The net proceeds from the placement of the Company's new shares in December 2013 were approximately HK\$102.8 million and were intended to be applied for acquisition of assets and/or businesses should suitable opportunities became available. As at 31 December 2015, the net proceed had not been utilized.

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

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

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

3. Gearing

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

4. Foreign Exchange

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

5. Contingent Liabilities

As at 31 December 2015, the Group did not have material contingent liabilities (At 30 June 2015: Nil).

BUSINESS OUTLOOK AND DEVELOPMENT

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

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

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

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

APPRECIATION

In view of the above-mentioned internal and external factors, the road ahead is still full of challenges. Nevertheless, during this period, I would like to express my deepest appreciation to all our dedicated colleagues, contractors and business partners for their non-stop contributions to and indulgence on us. Finally, I would also like to extend my sincere gratitude for our customers and your support.

Lo Lin Shing, Simon

Chairman

Hong Kong, 26 February 2016

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2015, the interests or short positions of the directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code of Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of securities on the Stock Exchange (the "**Listing Rules**") were as follows:

(a) Long positions in the shares

<u>Name of Directors</u>	<u>Capacity</u>	<u>Number of shares interested</u>	<u>Percentage of shareholding</u>
Mr. Lo Lin Shing, Simon (" Mr. Lo ")	Beneficial owner/Interest of a controlled corporation ^(Note)	831,501,090	32.08%
Mr. Ho Hau Chong, Norman	Beneficial owner	1,170,000	0.05%
Mr. Tsui Hing Chuen, William <i>JP</i>	Beneficial owner	2,500,000	0.10%
Mr. Lau Wai Piu	Beneficial owner	5,267,857	0.20%

Note: Among the total shares, 1,170,000 shares represent interest of Mr. Lo on an individual basis while 830,331,090 shares represent interest of Moral Glory International Limited ("**Moral Glory**"), a company wholly-owned by Mr. Lo.

(b) Long positions in the underlying shares

Name of Directors	Capacity	Number of underlying shares interested	Percentage of shareholding
Mr. Lo	Personal	13,800,000	0.53%
Mr. Ho Hau Chong, Norman	Personal	16,696,428	0.64%
Mr. Tsui Hing Chuen, William <i>JP</i>	Personal	5,767,857	0.22%
Mr. Lau Wai Piu	Personal	3,000,000	0.12%
Mr. Lee Kee Wai, Frank	Personal	8,267,857	0.32%

Save as disclosed above and the section headed “**Share Option Schemes**”, as at 31 December 2015, none of the Directors, chief executives and their respective associates had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS UNDER THE SFO

The register of interests in shares and short positions maintained under section 336 of the SFO showed that as at 31 December 2015, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Long position and short position of substantial shareholders in the shares and/or underlying shares

Name	Capacity	Number of shares	Percentage of nominal value of issued share capital
The People's Insurance Company (Group) of China Limited (" PICC ")	Beneficial owner/ Interest of controlled corporations	6,650,000,000 ^(Notes 1 & 2)	256.57%
Philosophy Quantum Investment Co. Limited (" PQ Investment ")	Beneficial owner	5,795,000,000 ^(Note 2)	223.59%
PICC Property and Casualty Company Limited (" PICC P&C ")	Interest of controlled corporation	5,795,000,000 ^(Note 2)	223.59%
Qifei International Development Co. Limited (" Qifei ")	Interest of controlled corporation	5,795,000,000 ^(Note 2)	223.59%
Qihoo 360 Technology Co. Limited (" Qihoo ")	Interest of controlled corporation	5,795,000,000 ^(Note 2)	223.59%
Mr. Zhou Hongyi (" Mr. Zhou ")	Interest of controlled corporation	5,795,000,000 ^(Note 3)	223.59%
Ms. Ku Ming Mei, Rouisa	Interest of spouse	845,301,090 ^(Note 4)	32.61%
Moral Glory	Beneficial owner	830,331,090 ^(Note 5)	32.04%
Mr. Hui Yee, Wilson (" Mr. Hui ")	Interest of controlled corporation	150,000,000 ^(Note 6)	5.79%
Pearl Charm Investments Limited (" Pearl Charm ")	Beneficial owner	150,000,000 ^(Note 6)	5.79%

Notes:

1. Among 6,650,000,000 shares, 855,000,000 shares were held by PICC. As PICC was interested in 69.98% of the issued share capital of PICC P&C, by virtue of the SFO, PICC was deemed to be interested in 5,795,000,000 shares held by PQ Investment of which would be controlled by PICC P&C.

2. The entire shareholding of PQ Investment, subject to the requisite approvals in the PRC, would be controlled by PICC P&C and Qifei equally. PICC P&C was controlled by PICC and Qifei was controlled by Qihoo which was in turn controlled by Mr. Zhou. By virtue of the SFO, PICC, PICC P&C, Qifei, Qihoo and Mr. Zhou were deemed to be interested in 5,795,000,000 shares held by PQ Investment.
3. Mr. Zhou was interested in 40.75% of the issued share capital of Qihoo. By virtue of the SFO, he was deemed to be interested in the entire issued share capital of PQ Investment and Qifei as at 31 December 2015.
4. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she was deemed to be interested in 845,301,090 shares under the SFO.
5. Moral Glory was wholly-owned by Mr. Lo.
6. Pearl Charm was wholly-owned by Mr. Hui. By virtue of SFO, he was deemed to be interested in 150,000,000 shares held by Pearl Charm.

SHARE OPTION SCHEME

Under the share option scheme adopted by the Company on 23 November 2011 (the “**2011 Option Scheme**”), options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK\$0.10 each in the capital of the Company.

Details of the movement in outstanding share option, which had been granted under the 2011 Option Scheme, during the Financial Period were as follows:

Name of category of participants	Date of grant	Exercise price HK\$	Exercise period	Vesting period	Number of shares subject to options				
					As at 1 July 2015	Granted during the Financial Period	Lapsed during the Financial Period	Exercised during the Financial Period	As at 31 December 2015
Mr. Lo	05/03/2014	0.730	05/03/2014 to 04/03/2019	N/A	6,800,000	—	—	—	6,800,000
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	7,000,000	—	—	—	7,000,000
Mr. Ho Hau Chong, Norman	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	13,696,428	—	—	—	13,696,428
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	3,000,000	—	—	—	3,000,000
Mr. Tsui Hing Chuen, William ^{JP}	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	2,767,857	—	—	—	2,767,857
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	3,000,000	—	—	—	3,000,000
Mr. Lau Wai Piu	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	3,000,000	—	—	—	3,000,000
Mr. Lee Kee Wai, Frank	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	5,267,857	—	—	—	5,267,857
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	3,000,000	—	—	—	3,000,000
Employees and others in aggregate (including directors of certain subsidiaries)	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	8,571	—	—	—	8,571
	05/03/2014	0.730	05/03/2014 to 04/03/2019	N/A	12,000,000	—	—	—	12,000,000
	09/06/2014	0.660	09/03/2015 to 31/5/2016	09/06/2014 to 08/03/2015	5,000,000	—	—	—	5,000,000
	09/06/2014	0.660	09/09/2015 to 31/5/2016	09/06/2014 to 08/09/2015	5,000,000	—	—	—	5,000,000
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	38,420,000	—	—	—	38,420,000
Total					107,960,713	—	—	—	107,960,713

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

During the Financial Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board recognises the importance of maintaining a high standard of corporate governance practice to protect and enhance the benefits of the shareholders. The Board and the management of the Company have collective responsibility to maintain the interest of the shareholders and to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of the shareholders and investors.

During the Financial Period, the Company had applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules on 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 is the chairman of the Company (the "**Chairman**") and has also carried out the responsibility of CEO. Mr. Lo possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

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

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

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

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

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

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by the directors (the "**Code**"), which are on terms no less exacting than those set out in the Model Code. The Company has also established written guidelines for securities transactions by employees of the Group on terms no less exacting than the Model Code for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company.

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

Upon specific enquiry by the Company, all directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Period.

HUMAN RESOURCES

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

AUDIT COMMITTEE

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

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

DIRECTORS

During the Financial Period and up to the date of this Interim Report, the Board comprises the following members:

Executive Directors

Mr. Lo Lin Shing, Simon (*Chairman*)

Mr. Ho Hau Chong, Norman

Independent Non-executive Directors

Mr. Tsui Hing Chuen, William *JP*

Mr. Lau Wai Piu

Mr. Lee Kee Wai, Frank

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2015

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	As at 31 December 2015 HK\$'000 (unaudited)	As at 30 June 2015 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7(a)	6,675	6,935
Investment properties	7(b)	30,114	29,660
Exploration and evaluation assets	8	46,155	31,729
Goodwill		3,334	3,334
		86,278	71,658
Current assets			
Inventories	9	24,317	15,559
Trade receivables	10	6,725	5,447
Prepayments, deposits and other receivables		2,630	5,721
Cash and bank balances		231,327	260,293
		264,999	287,020
Total assets		351,277	358,678

	Notes	As at 31 December 2015 HK\$'000 (unaudited)	As at 30 June 2015 HK\$'000 (audited)
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	12	259,184	259,184
Other reserves		217,135	218,010
Accumulated losses		(163,926)	(151,164)
		312,393	326,030
Non-controlling interest		23,105	17,917
Total equity		335,498	343,947
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		906	747
Current liabilities			
Trade payables	11	5,350	3,622
Accrued charges and other payables		9,523	10,362
		14,873	13,984
Total liabilities		15,779	14,731
Total equity and liabilities		351,277	358,678
Net current assets		250,126	273,036
Total assets less current liabilities		336,404	344,694

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Notes	Unaudited Six months ended 31 December	
		2015 HK\$'000	2014 HK\$'000
Net cash used in operating activities		(20,845)	(8,370)
Cash flows from investing activities:			
Purchase of property, plant and equipment	7(a)	(204)	(573)
Additions to exploration and evaluation assets	8	(14,426)	(16,019)
Proceeds from disposal of property, plant and equipment	7(a)	—	1
Interest received		310	564
Net cash used in investing activities		(14,320)	(16,027)
Cash flows from financing activities:			
Contribution from a non-controlling interest		6,214	5,755
Net cash generated from financing activities		6,214	5,755
Net decrease in cash and cash equivalents		(28,951)	(18,642)
Cash and cash equivalents at the beginning of the period		260,293	277,481
Effect on foreign exchange rate changes		(15)	—
Cash and cash equivalents at the end of the period		231,327	258,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Other reserves	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2015 (audited)	259,184	218,010	(151,164)	326,030	17,917	343,947
Comprehensive loss:						
Loss for the period	—	—	(12,762)	(12,762)	(1,026)	(13,788)
Other comprehensive loss:						
Currency translation differences	—	(1,101)	—	(1,101)	—	(1,101)
Total comprehensive loss for the period	—	(1,101)	(12,762)	(13,863)	(1,026)	(14,889)
Share-based payment	—	226	—	226	—	226
Total contributions by owners of the company recognised directly in equity	—	226	—	226	—	226
Contribution from a non-controlling interest	—	—	—	—	6,214	6,214
Total transactions with owners, recognised directly in equity	—	226	—	226	6,214	6,440
At 31 December 2015 (unaudited)	259,184	217,135	(163,926)	312,393	23,105	335,498

For the six months ended 31 December 2014

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Other reserves	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2014 (audited)	253,557	181,209	(105,975)	328,791	5,015	333,806
Comprehensive loss:						
Loss for the period	—	—	(7,152)	(7,152)	(53)	(7,205)
Total comprehensive loss for the period	—	—	(7,152)	(7,152)	(53)	(7,205)
Share-based payment	—	1,560	—	1,560	—	1,560
Total contributions by owners of the company recognised directly in equity	—	1,560	—	1,560	—	1,560
Contribution from a non-controlling interest	—	—	—	—	5,755	5,755
Total transactions with owners, recognised directly in equity	—	1,560	—	1,560	5,755	7,315
At 31 December 2014 (unaudited)	253,557	182,769	(113,127)	323,199	10,717	333,916

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vision Values Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are principally engaged in the provision of network solutions and project services, property investment, yacht building in Hong Kong and minerals exploration in Mongolia.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Unit 309, 3/F Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

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

3. TURNOVER AND SEGMENT INFORMATION

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

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

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

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

There are no sales or other transactions between business segments.

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

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Total HK\$'000
Segment revenue	11,338	665	—	—	12,003
Segment results	2,688	534	—	—	3,222
Depreciation of property, plant and equipment	(19)	—	(39)	(203)	(261)
Fair value gain on investment properties	—	1,540	—	—	1,540
Unallocated expenses (Note)					(18,440)
Interest income from bank deposits					310
Loss before taxation					(13,629)

Note:

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

3. TURNOVER AND SEGMENT INFORMATION (Continued)

The segment revenue and results for the six months ended 31 December 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	10,877	743	—	—	11,620
Segment results	3,010	607	—	—	3,617
Depreciation of property, plant and equipment	(18)	—	(29)	(166)	(213)
Fair value gain on investment properties	—	280	—	—	280
Unallocated expenses (Note)					(11,506)
Interest income from bank deposits					564
Loss before taxation					(7,258)

Note:

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

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment Assets

For the period ended 31 December 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	10,555	30,534	22,162	47,083	110,334
Unallocated:					
Cash and bank balances					231,327
Other unallocated assets					9,616
Consolidated total assets					351,277

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

4. OTHER EXPENSES

Major expenses included in other expenses are analysed as follows:

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

5. INCOME TAX (EXPENSE)/CREDIT

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

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

6. LOSS PER SHARE

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

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

	Six months ended 31 December	
	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares in issue for calculation of basic loss per share (Note)	2,591,839	2,535,571

Note:

Diluted loss per share is the same as basic loss per share for the periods ended 31 December 2015 and 2014 as the share options have no dilutive impact for both periods.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Property, plant and equipment

During the period ended 31 December 2015, the Group spent approximately HK\$85,000 (31 December 2014: HK\$135,000) on furniture, fixtures and equipment, HK\$119,000 (31 December 2014: HK\$48,000) on computer equipment and HK\$Nil (31 December 2014: HK\$390,000) on motor vehicle. The Group did not dispose of any property, plant and equipment for the period ended 31 December 2015 (31 December 2014: HK\$1,000).

(b) Investment properties

The investment properties were revalued on an open market value basis by an independent qualified valuer who hold a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. As a result, the investment properties were revalued to approximately HK\$30,114,000 (30 June 2015: HK\$29,660,000), which represents their recoverable amount, and a fair value gain of approximately HK\$1,540,000 was recorded in the condensed consolidated income statement for the period ended 31 December 2015 (31 December 2014: fair value gain of HK\$280,000).

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(b) Investment properties (Continued)

The fair value measurements information for these properties in accordance with HKFRS 13 are given below:

	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
At 31 December 2015				
Investment properties:				
– Residential properties				
– Beijing	–	9,676	–	9,676
– Office unit – Beijing	–	–	10,148	10,148
– Industrial properties				
– Hong Kong	–	4,040	5,760	9,800
– Carpark – Hong Kong	–	490	–	490
	–	14,206	15,908	30,114

	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
At 30 June 2015				
Investment properties:				
– Residential properties				
– Beijing	–	10,000	–	10,000
– Office unit – Beijing	–	–	9,400	9,400
– Industrial properties				
– Hong Kong	–	4,040	5,760	9,800
– Carpark – Hong Kong	–	460	–	460
	–	14,500	15,160	29,660

There was no transfer between all levels in both periods.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(b) Investment properties (Continued)

Fair value measurements using significant unobservable inputs

Fair values of investment properties of the Group are generally derived using the direct comparison method. However, given the lack of observable market data relating to the office and industrial properties, the investment approach has been adopted which usually requires significant unobservable inputs for the valuation of the investment properties.

The ranges of unobservable input are similar between the office unit and the industrial properties. These significant unobservable inputs include:

	Fair value at 31 December 2015	Valuation technique	Unobservable inputs	Range of significant unobservable inputs	Relationship of unobservable inputs to fair value
Office unit — Beijing	HK\$10,148,000 (30 June 2015: HK\$9,400,000)	Investment approach	Rental value	RMB162.00 per month per square meter (30 June 2015: RMB145.90)	The higher the rental value, the higher the value
			Market yield or discount rate	6.50% (30 June 2015: 6.30%–6.80%)	The higher the market yield or discount rate, the lower the value
			Terminal capitalisation rate	N/A (30 June 2015: 4.90%)	The higher the capitalisation rate, the lower the value
Industrial properties — Hong Kong	HK\$5,760,000 (30 June 2015: HK\$5,760,000)	Investment approach	Rental value	HK\$11.00– HK\$15.00 per month per square feet (30 June 2015: HK\$15.32– HK\$17.28)	The higher the rental value, the higher the value
			Market yield or discount rate	3.75% (30 June 2015: 2.90%)	The higher the market yield or discount rate, the lower the value
			Terminal capitalisation rate	N/A (30 June 2015: 3.10%)	The higher the capitalisation rate, the lower the value

8. EXPLORATION AND EVALUATION ASSETS

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

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

Note:

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

9. INVENTORIES

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Raw materials	3,399	3,399
Work in progress	20,736	11,748
Finished goods	182	412
	24,317	15,559

10. TRADE RECEIVABLES

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

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

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

11. TRADE PAYABLES

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

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
0-30 days	2,367	2,462
31-60 days	234	456
61-90 days	217	73
91-180 days	2,532	631
	5,350	3,622

12. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised:		
At 30 June 2015 and 31 December 2015	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2014	2,535,571,035	253,557
Issue of ordinary shares:		
– Exercise of share options (Note)	56,267,857	5,627
At 30 June 2015 and 31 December 2015	2,591,838,892	259,184

The total authorised number of ordinary shares is 20,000 million shares (30 June 2015: 20,000 million) with a par value of HK\$0.10 per share (30 June 2015: HK\$0.10 per share).

Note:

For the year ended 30 June 2015, share options to subscribe for 56,267,857 shares were exercised, of which HK\$5,627,000 was credited to share capital, the balance of approximately HK\$17,429,000 was credited to the share premium account, including reversal of reserve credited to the consolidated statement of changes in equity approximately HK\$7,590,000 and proceed of received from the exercise of the share options of HK\$15,466,000. These new shares rank pari passu in all respect with existing shares.

13. OPERATING LEASE COMMITMENTS

At 31 December 2015, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
No later than 1 year	453	916
Later than 1 year and no later than 5 years	—	—
	453	916

13. OPERATING LEASE COMMITMENTS (Continued)

At 31 December 2015 and 30 June 2015, the Company had no future aggregate minimum lease payment under non-cancellable operating lease.

All of the investment properties (30 June 2015: All) are leased to tenants under operating leases with rentals payable monthly/quarterly. Minimum lease payments receivable on leases of the investment properties are as follows:

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
No later than 1 year	1,247	1,382
Later than 1 year and no later than 5 years	541	1,182
	1,788	2,564

There are no contingent rents receivable from the leasing of investment properties.

14. CAPITAL COMMITMENTS

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

14. CAPITAL COMMITMENTS (Continued)

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

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

15. RELATED PARTY TRANSACTIONS

The Group is controlled by Moral Glory International Limited (“**Moral Glory**”) (incorporated in the British Virgin Islands), whereas the ultimate controlling party of Moral Glory is Mr. Lo Lin Shing, Simon (“**Mr. Lo**”), a substantial shareholder who has significant influence over the Group and the chairman and a Director of the Company. Moral Glory and Mr. Lo collectively owns 32.08% of the Company’s shares. The remaining 67.92% of the shares are widely held.

- (a) Significant related party transactions, which were carried out in the normal course of the Group’s business and at terms negotiated between the Group and the related companies, were as follows:

	Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Operating lease rental income from a related company (Note 1)	211	174
Operating lease rental expenses to related companies (Note 1)	761	1,980
Reimbursement of sharing of administrative services to a related company (Note 1 and 2)	4,364	—

15. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (1) Related companies are companies in which Mr. Lo is the director and/or is beneficial owner.
 - (2) The service is charged at cost basis.
- (b) The period/year end balance arising from the related party transactions as included in prepayments, deposits and other receivables and accrued charges and other payables is as follows:

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Amounts due to related companies	(90)	(821)
Amount due from a related company	65	65

The amounts due (to)/from related companies were unsecured and interest-free, and had no fixed terms of repayment.

- (c) Key management compensation of the Group for the period is as follows:

	Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Salaries and other employee benefits	280	280

16. EVENT AFTER THE REPORTING PERIOD

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

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

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

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